
Employee Incentive Scheme

Virgin Australia Holdings Limited
(ABN 54 100 686 226)

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1 Defined terms and interpretation

1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the Dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary;
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act; and
- (c) which is defined in the GST Law, but is not defined in the Dictionary or the Corporations Act, has the meaning given to it in the GST Law.

1.2 Interpretation

The interpretation clause in Schedule 1 (**Dictionary**) sets out rules of interpretation for this deed.

2 Purpose

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Employees;
- (b) link the reward of Eligible Employees to performance and the creation of Shareholder value;
- (c) align the interests of Eligible Employees more closely with the interests of Shareholders by providing an opportunity for Eligible Employees to receive an equity interest in the form of Awards;
- (d) provide Eligible Employees with the opportunity to share in any future growth in value of the Group; and
- (e) provide greater incentive for Eligible Employees to focus on the Company's longer-term goals.

3 Commencement

The Plan will commence on a date determined by resolution of the Board.

4 Principal conditions

4.1 Compliance with laws

Notwithstanding the Rules or the terms of any Award, no Award may be offered, issued or exercised, and no Share may be issued pursuant to the exercise of Share Rights, Options or Performance Rights under the Plan:

- (a) if to do so would contravene:

- (i) any Applicable Law; or
- (ii) the local laws or customs of an Eligible Employee's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical or unreasonably onerous; or
- (b) to any person referred to in Listing Rule 10.14 (which includes a Director) without Shareholder Approval (unless an exemption from the Shareholder Approval requirement applies).

4.2 No prohibited financial assistance

No person may, whether directly or indirectly, provide financial assistance that is prohibited by the Corporations Act to an Eligible Employee for the purposes of, or in connection with, the acquisition or exercise of Awards under the Plan.

4.3 Plan limit

- (a) Where an Offer which requires Monetary Consideration is made under the Plan, the Board must, at the time of making the Offer, have reasonable grounds to believe that the Offer complies with the Issue Cap.
- (b) The Issue Cap is subject to adjustment or increase:
 - (i) as may be permitted by Applicable Law; and
 - (ii) to a limit prescribed in the Constitution in accordance with Applicable Law.

4.4 Quotation

Share Rights, Options and Performance Rights will not be quoted on ASX. However, application will be made to ASX for official quotation of any Shares issued for the purposes of the Plan, including pursuant to the exercise of Share Rights, Options and Performance Rights, to the extent required by Listing Rule 2.4.

4.5 Income Tax Assessment Act

This Plan is a plan to which Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies (subject to the conditions in that Act).

5 Offers

5.1 Board to make Offer

Subject to Rule 4.1, the Board may, in its absolute discretion, offer Awards to any Eligible Employee from time to time and in exercising that discretion, may have regard to some or all of the following:

- (a) the Eligible Employee's length of service with the Group;
- (b) the contribution made by the Eligible Employee to the Group;
- (c) the potential contribution of the Eligible Employee to the Group; or
- (d) any other matter the Board considers relevant.

5.2 Prospective Eligible Employees

Subject to Rule 4.1, the Board may, in its absolute discretion, offer Awards in accordance with these Rules to a person where the Offer is conditional on the person becoming an Eligible Employee.

5.3 Number of Awards

Subject to Rule 4.3, the number of Awards that are the subject of an Offer to an Eligible Employee will be determined by the Board in its absolute discretion and in accordance with the Rules and Applicable Law.

5.4 Issue Price and Exercise Price

The Issue Price (if any) in respect of a Share, Option, Performance Right or Share Right and the Exercise Price (if any) in respect of an Option, Performance Right or Share Right (subject to any adjustment under the Plan):

- (a) is as determined by the Board in its absolute discretion; and
- (b) must be denominated and payable in Australian dollars, unless otherwise determined by the Board.

5.5 Form of Offer – No Monetary Consideration

- (a) An Offer for no Monetary Consideration (other than an Offer that does not require disclosure to any investor under Part 6D.2 of the Corporations Act because of section 708 of the Corporations Act) must be expressed to be made under Division 1A of Part 7.12 of the Corporations Act.
- (b) An Offer for no Monetary Consideration that is made in reliance on section 708 of the Corporations Act must be expressed to be made under section 708 and under Division 1A of Part 7.12 of the Corporations Act.
- (c) An Offer for no monetary consideration does not require any disclosure to participants.

5.6 Form of Offer – Monetary Consideration

- (a) An Offer for Monetary Consideration (other than an Offer that does not require disclosure to any investor under Part 6D.2 of the Corporations Act because of section 708 of the Corporations Act) must be made in an Offer Document and expressed to be made under Division 1A of Part 7.12 of the Corporations Act.
- (b) An Offer for Monetary Consideration that is made in reliance on section 708 of the Corporations Act must be expressed to be made under section 708 and under Division 1A of Part 7.12 of the Corporations Act.

5.7 Information contained in Offer Document

Where an Offer Document is required, it must include or be accompanied by the terms of the Offer (or a summary of the terms of the Offer), including:

- (a) the name and address of the Eligible Employee to whom the Offer is made;
- (b) the date of the Offer;

- (c) the First Acceptance Date, which, for Offers of Monetary Consideration, must be at least 14 days after receiving the Offer Document;
- (d) the Final Acceptance Date;
- (e) the maximum number of Awards which the Eligible Employee may apply for;
- (f) the Grant Conditions (if any) attaching to the Awards the subject of the Offer;
- (g) the Issue Price (if any) or the manner of determining the Issue Price (if any) of the Shares, Share Rights, Options or Performance Rights;
- (h) the anticipated Grant Date;
- (i) in respect of an Offer of Shares, details of the Share Vesting Conditions (if any) attaching to the Shares;
- (j) in respect of an Offer of Share Rights, Options or Performance Rights:
 - (i) details of Share Right Vesting Conditions, Option Vesting Conditions or Performance Right Vesting Conditions (if any) attaching to the Share Rights, Options or Performance Rights;
 - (ii) the First Exercise Date of the Share Rights, Options or Performance Rights;
 - (iii) the Last Exercise Date of the Share Rights, Options or Performance Rights;
 - (iv) the Expiry Date of the Share Rights, Options or Performance Rights;
 - (v) the Exercise Price (if any) or the manner of determining the Exercise Price (if any) of the Share Rights, Options or Performance Rights;
 - (vi) if any Share Rights or Performance Rights will be automatically exercised in accordance with Rule 15.1(c); and
 - (vii) if a Participant will be eligible to receive any dividend equivalent payments in accordance with Rule 23;
- (k) the Vesting Date (if any) applicable to the Shares, Share Rights, Options or Performance Rights the subject of the Offer;
- (l) the Participant's right to Deal with Vested Shares or Shares issued upon exercise of any Share Rights, Options or Performance Rights;
- (m) any other specific terms and conditions applicable to the Offer;

and, to the extent required by Applicable Law:

- (n) a prominent statement to the effect that:
 - (i) any advice given by the Company in relation to Awards issued under the Plan, and Shares issued upon exercise of the Share Rights, Options or Performance Rights, does not take into account an Eligible Employee's objectives, financial situation and needs; and

- (ii) the Eligible Employee should obtain their own financial product advice in respect of the Offer from a person who is licensed by ASIC to give such advice;
- (o) general information about the risks of acquiring and holding the Shares, Share Rights, Options or Performance Rights (and underlying Shares) the subject of the Offer;
- (p) an explanation of how an Eligible Employee could, from time to time, ascertain the market price of the Shares underlying the Share Rights, Options or Performance Rights;
- (q) the terms of any loan or contribution plan under which an Eligible Employee may obtain Award (or else a summary of the terms of any loan or contribution plan and a statement that, on request, a copy of the terms of the loan or plan will be provided to the Eligible Employee);
- (r) the trust deed of any trust that will hold Awards on trust for an Eligible Employee (or else a summary of the trust deed and a statement that, on request, a copy of the full deed will be provided to the Eligible Employee);
- (s) a copy of any disclosure document prepared by the Company under Part 6D.2 of the Corporations Act, or a product disclosure statement prepared under Part 7.9 of the Corporations Act, in the 12 months before the date of the Offer (or else a statement directing the Eligible Employee to any such document);
- (t) a copy of these Rules; and
- (u) any other information that is required by Applicable Law (if applicable).

5.8 Terms

The following applies where an Offer Document is required.

- (a) The terms and conditions applicable to an Offer, including the Final Acceptance Date, the First Exercise Date, the Last Exercise Date, Expiry Date, any Grant Conditions, any Vesting Conditions and any Vesting Date, are as determined by the Board (in its absolute discretion) and must include any terms required by Applicable Law.
- (b) The terms and conditions applicable to an Offer, and any documents accompanying the Offer Document, must not include any misleading or deceptive statements, or omit any information that would result in those materials becoming misleading or deceptive.
- (c) The Company must provide each Participant with an updated Offer Document as soon as practicable if, during the application period for the Offer, the Company becomes aware that the document that was provided has become out of date, or is otherwise not correct, in a material respect.
- (d) Each Director and each Liabe Person must notify the Company in writing as soon as practicable if, during the application period for the Offer, that person becomes aware that a material statement in the terms and conditions or the Offer Document, is misleading or deceptive, that information was omitted from those materials that has resulted in one or more of them being misleading or deceptive, or a new circumstance has arisen during the application period which means the terms and

conditions or the Offer Document is out of date, or otherwise not correct, in a material respect.

5.9 Contravention of the terms of the Offer

The following applies where an Offer Document is required.

- (a) Subject to Rule 5.9(b), where a Participant suffers Loss because of a contravention of a term of the Offer covered by section 1100Z(1) of the Corporations Act, that Participant can recover the amount of Loss in accordance with section 1100Z(2) of the Corporations Act.
- (b) The Directors, the Company and each Liable Person are not liable for any Loss suffered by a Participant because of a contravention of a term of the Offer covered by section 1100Z(2) of the Corporations Act, if the person complied with sections 1100(Z)(3)(a)-(e) of the Corporations Act.

5.10 Offer personal

Subject to Rule 5.11, an Offer is personal and can only be accepted by the Eligible Employee to whom the Offer is made.

5.11 Nominated Party

- (a) Upon receipt of an Offer, an Eligible Employee may, by notice in writing to the Board, nominate a Nominated Party of that Eligible Employee in whose favour the Eligible Employee wishes the Awards the subject of the Offer to be issued.
- (b) Notwithstanding paragraph (a), the Board may, in its absolute discretion, decide not to permit the Awards the subject of an Offer to be issued to a Nominated Party without giving any reason for that decision.
- (c) If the Board decides to permit the Awards the subject of an Offer to be issued to a Nominated Party, the Eligible Employee will procure that the Nominated Party also agrees to be bound by the Rules.

6 Application for Awards

6.1 Acceptance of Offer

- (a) Subject to Rule 6.1(b), an Eligible Employee may accept an Offer by giving to the Company an Application (and in the case of an Offer of Awards that have an Issue Price, paying the Issue Price) by the Final Acceptance Date or the date set out in the Offer. In the Application, the Eligible Employee may apply for the Awards the subject of the Offer to be issued to the Eligible Employee or a Nominated Party (if approved by the Board in accordance with Rule 5.11).
- (b) An Eligible Employee may not accept an Offer, and an Application will not be accepted if, at the date the Application would otherwise be accepted:
 - (i) unless Rule 5.2 applies, the Eligible Employee is not an Employee;
 - (ii) the Eligible Employee has given notice of his or her resignation as an Employee; or

- (iii) the Eligible Employee has been given notice of termination of employment as an Employee.
- (c) The Board may, in its absolute discretion, refuse to allow an Eligible Employee to participate in the Plan even though an Application is received from the Eligible Employee in accordance with Rule 6.1(a).

6.2 Lapse of Offer

An Offer that is not accepted in accordance with Rule 6.1 will lapse at 5.00pm (Brisbane time) on the Final Acceptance Date.

6.3 Withdrawal of Offer prior to acceptance

The Board reserves the right (subject to any Applicable Law) to withdraw an Offer made to an Eligible Employee, provided that the Offer has not yet been accepted in accordance with Rule 6.1.

7 Issue of Shares

7.1 Acceptance by Eligible Employee

By accepting an Offer for Shares in accordance with Rule 6.1, the Eligible Employee and the Nominated Party (if applicable) will be taken to have:

- (a) agreed to become a Participant bound by these Rules;
- (b) irrevocably offered to acquire Shares:
 - (i) under, and subject to, these Rules; and
 - (ii) on and subject to the terms and conditions of the Offer; and
- (c) agreed to become a Shareholder and be bound by the Constitution upon the issue of Shares to the Participant.

7.2 Acceptance by Company

- (a) Subject to the terms and conditions included in an Offer, the Company will register that number of Shares set out in the Application in the name of the relevant Eligible Employee or Nominated Party (if applicable). Nothing in any Offer or Application, or in these Rules, will be taken to confer on any Eligible Employee or Nominated Party (if applicable) any right or title to or interest in, any Shares until the Shares are so registered.
- (b) The Company will give notice, or cause notice to be given (including via a Holding Statement), to a Participant (or any person authorised to receive such notice on the Participant's behalf), in accordance with the Listing Rules, of the registration in the Participant's name of Shares issued under the Plan, including information on the following:
 - (i) the number of Shares issued to the Participant;
 - (ii) the date of issue of those Shares;
 - (iii) the Share Vesting Conditions (if any) attaching to the Shares;

- (iv) the Vesting Date (if any) applicable to the Shares; and
- (v) any other specific terms and conditions applicable.

7.3 Clearance of Issue Price

The Company is not obliged to issue Shares to a Participant until payment of the Issue Price (if any) is received by the Company in cleared funds.

7.4 Shares to rank equally

Unless otherwise determined by the Board at the time of an Offer, all Shares issued pursuant to the Offer will rank equally with existing Shares on and from their date of issue.

8 Share Vesting Conditions

8.1 Conditions

The Board may offer Shares with such conditions relating to the Shares, including as to Dealing or forfeiture, as determined by the Board from time to time.

8.2 Compliance by Participant

Each Participant undertakes to:

- (a) only Deal in the Shares as permitted by the Share Vesting Conditions (if any) and Rule 10; and
- (b) observe all Share Vesting Conditions attached to the Shares issued to them.

8.3 No hedging

If restricted by Applicable Law, a Participant may not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to any Unvested Shares.

8.4 Refusal to register transfer

- (a) Subject to Applicable Law, the Company must refuse to register a paper-based transfer, and must apply or cause to be applied a Holding Lock to prevent a transfer, of any Shares to which Share Vesting Conditions attach, and the Board on behalf of the Company may take any other steps that it considers necessary or appropriate, to enforce and give effect to any Dealing restrictions under the Share Vesting Conditions.
- (b) Each Participant irrevocably authorises the Board on behalf of the Company to apply a Holding Lock to any Shares to which Share Vesting Conditions attach that are held by that Participant.

8.5 Retention of Holding Statements

Until any Share Vesting Conditions for a Share (including in relation to any Dealing) are satisfied, the Company may retain the Holding Statements in relation to the Share and any Shares issued with respect to the Share under a bonus or rights issue. The Company will promptly deliver any Holding Statements in relation to a Share which it

holds to the Participant on the satisfaction of all Share Vesting Conditions for the Share (including in relation to any Dealing) imposed under Rule 8.1.

8.6 Waiver

The Board may, at its absolute discretion, by notice to the Participant, reduce or waive the Share Vesting Conditions attaching to Shares in whole or in part at any time and in any particular case, which may be subject to Shareholder Approval.

8.7 Vesting

- (a) Subject to Rules 8.6 and 20, any Shares offered under the Plan will not vest unless all Share Vesting Conditions in respect of those Shares have been satisfied, reached or met.
- (b) If the grant or offer of Shares is subject to Share Vesting Conditions, the Company must give a Participant a Vesting Notice upon the Share Vesting Conditions relating to the Shares issued (or transferred) to the Participant having been satisfied, or waived by the Board.

8.8 Shares cease to be subject to Shares Vesting Conditions

On the earliest of:

- (a) a determination by the Board that any Share Vesting Conditions have been satisfied, reached or met; and
- (b) the Board making a determination to waive any applicable Share Vesting Conditions under Rule 8.6 or Rule 20,

then:

- (c) the relevant Shares become Vested Shares and cease to be subject to the restrictions under this Rule 8 and the forfeiture provisions under Rule 9 (except to the extent provided for by Rule 22); and
- (d) unless an Offer Document states otherwise, the Board must, as soon as reasonably practicable, lift the Holding Lock in respect of the relevant Shares and must notify the Participant that the Holding Lock has been lifted.

8.9 Notification upon request by Participant

The Company must, if requested, notify the holder of the Shares of the particular time when the Holding Lock was lifted under Rule 8.8.

9 Forfeiture of Shares

9.1 Forfeiture of Shares

If a Participant holds any Vested Shares, Unvested Shares or Shares issued upon exercise of a Share Right, Performance Right or Option, the Participant's ownership of those Shares will be forfeited by the Participant (or any person claiming through the Participant) to the Company (or otherwise as directed by the Board) or clawed back by the Company on the earliest of:

- (a) the Board determining that any Share Vesting Condition applicable to Unvested Shares has not been satisfied, reached or met in accordance with its terms or is not capable of being satisfied, reached or met;
- (b) the date immediately following the Expiry Date of any Vested Shares or Unvested Shares;
- (c) the Shares being forfeited or clawed back in accordance with Rule 19;
- (d) the Unvested Shares being forfeited in accordance with Rule 20;
- (e) the Shares being forfeited in accordance with Rule 21; or
- (f) unless the Board determines otherwise:
 - (i) the Participant purporting to Deal in the Unvested Shares in breach of the Share Vesting Conditions or Rule 10 attaching to those Unvested Shares, other than as permitted under these Rules;
 - (ii) the Board providing written notice under Rule 22(a);
 - (iii) the Participant purporting to enter into any arrangement in respect of the Unvested Shares or Vested Shares in breach of Rule 8.3; or
 - (iv) the day before the 7th anniversary of the date of grant.

9.2 Treatment of Forfeited Shares

- (a) As soon as reasonably practicable after Shares are forfeited, the Company must:
 - (i) sell those Forfeited Shares in the ordinary course of trading on the stock market of the ASX;
 - (ii) buy-back and cancel the Forfeited Shares;
 - (iii) if a Trust has been established, transfer those Forfeited Shares to the Trustee; or
 - (iv) deal with the Forfeited Shares in any other manner determined by the Board from time to time.
- (b) For the avoidance of doubt, the Company will hold full legal and beneficial title to any Forfeited Shares which are transferred to the Company pursuant to any power of attorney granted by a Participant at all times until those Forfeited Shares are disposed of by the Company.

9.3 Effect of forfeiture

For the avoidance of doubt, no consideration or compensation will be payable to a Participant for or in relation to the forfeiture by the Participant of ownership of Shares held under the Plan.

9.4 Conditions on forfeiture

In making any determination as to the forfeiture or otherwise of the ownership of Shares or other entitlements under Rule 9 the Board may impose any conditions that it thinks fit.

10 Dealings with Shares

10.1 No Dealing

- (a) A Participant must not Deal with any Shares issued under the Plan, or Shares acquired on exercise of any Share Rights, Options or Performance Rights under the Plan, unless:
 - (i) the Participant is permitted to do so under the Company's Securities Trading Policy and the Participant's Offer Document; or
 - (ii) such assignment or transfer occurs by force of law upon the death of a Participant to the Participant's legal personal representative.
- (b) Unless otherwise determined by the Board, where a Participant purports to Deal with a Share issued under the Plan, or Share acquired on exercise of a Share Rights, Option or Performance Right other than in accordance with Rule 10.1(a), the Share is forfeited in accordance with Rule 9.1(f)(i).

10.2 No hedging

If restricted by Applicable Law, a Participant may not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to any Shares.

11 Voting rights and dividends of Shares

Unless otherwise determined by the Board when it makes an Offer, and subject to the terms of issue of the relevant Shares, a Participant is entitled to notice of a meeting of the Shareholders of the Company and may exercise (whether in person or by proxy) any voting rights attaching to the Shares registered in the Participant's name which were the subject of the Offer.

12 Rights issues and bonus issues

- (a) Subject to Rule 12(b) and Applicable Laws, unless otherwise resolved by the Board when it makes an Offer, a Participant who holds the Shares issued pursuant to the Offer has the same entitlement as any other Shareholder to participate in any rights issue or bonus issue, provided however, if the Shares held by the Participant are subject to any Share Vesting Conditions or any restrictions on sale imposed under Rule 8.1, any shares issued to a Participant under the rights issue or bonus issue will be subject to these Rules and deemed to have the same Share Vesting Conditions and restrictions attached as if those shares were Shares issued under the Offer made to the Participant.
- (b) If the Shares are held by the Trustee on behalf of a Participant, in order for the Participant to participate in any rights issue or bonus issue (through the Trustee), such Shares held by the Trustee must be, at the date of the rights issue or bonus issue, allocated to a Participant and not be subject to any Share Vesting Conditions.

13 Capital reconstructions

In the event of a capital reconstruction, subject to any provision in the Listing Rules, the Board may adjust any or all of the number of Shares issued pursuant to the Offer to a Participant as the Board deems appropriate.

14 Issue of Share Rights, Options or Performance Rights

14.1 Acceptance by Eligible Employee

By accepting an Offer for Share Rights, Options or Performance Rights in accordance with Rule 6.1, the Eligible Employee and the Nominated Party (if applicable) will be taken to have:

- (a) agreed to become a Participant bound by these Rules; and
- (b) irrevocably offered to acquire the Share Rights, Options or Performance Rights (and the Shares upon the exercise of Share Rights, Options or Performance Rights) the subject of the Offer:
 - (i) under, and subject to, these Rules; and
 - (ii) on and subject to the terms and conditions of the Offer.

14.2 Acceptance by Company

Subject to the terms and conditions of an Offer, the Company will be deemed to have accepted an Eligible Employee's Application upon the issue to the Eligible Employee (or Nominated Party, if applicable), of:

- (a) the Awards the subject of the Application; and
- (b) a notification to the Eligible Employee and Nominated Party (if applicable) of the issue of the Awards.

Nothing in any Offer or Application, or in these Rules, will be taken to confer on any Eligible Employee or Nominated Party (if applicable) any right or title to or interest in, any Awards until they have been issued and notice is provided.

14.3 Interest in Shares

Subject to Applicable Law, a Participant has no right or interest in:

- (a) the Share the subject of a Share Right, Option or Performance Right ;
- (b) dividends, rights to vote or rights to the capital of the Company,

unless and until the Share Right, Option or Performance Right is exercised and the Share is issued.

14.4 Clearance of Issue Price

The Company is not obliged to issue Share Rights, Options or Performance Rights to a Participant until payment of the Issue Price (if any) is received by the Company in cleared funds.

15 Exercise of Share Rights, Options and Performance Rights

15.1 Exercise

- (a) Subject to Rules 4.1, 15.1(c), 15.2 and 19, a Participant will be entitled to exercise:
 - (i) a Share Right if they have received a Vesting Notice confirming that any and all Share Right Vesting Conditions have been satisfied or waived;
 - (ii) an Option if they have received a Vesting Notice confirming that any and all Option Vesting Conditions have been satisfied or waived; or
 - (iii) a Performance Right if they have received a Vesting Notice confirming that any and all Performance Right Vesting Conditions have been satisfied or waived, and

it is otherwise capable of exercise in accordance with the terms of the relevant Offer and the Rules.

- (b) Once a Share Right, Option or Performance Right is capable of exercise in accordance with this Rule 15.1, it may be exercised at any time up until 5.00 pm (Brisbane time) on the Last Exercise Date, subject to these Rules.
- (c) An Offer Document may specify that Share Rights or Performance Rights are to be automatically exercised upon the Company issuing a Participant a Vesting Notice in respect of the Participant's Share Rights or Performance Rights, in which case a Participant will not be required to comply with Rule 15.3, perform any further action or give any additional consent to receive the Shares underlying their Vested Share Rights or Vested Performance Rights.

15.2 Adjustment to terms of exercise

- (a) Subject to the Applicable Law, Shareholder Approval (if applicable) and Rule 15.2(b), the Board will have the power to make adjustments to or vary the terms of exercise of a Share Right, Option or a Performance Right, including reducing or waiving the:
 - (i) Share Right Vesting Conditions attaching to Share Rights;
 - (ii) Option Vesting Conditions attaching to Options; or
 - (iii) Performance Rights Vesting Conditions attaching to Performance Rights,in whole or in part at any time and in any particular case (or allowing a Participant to receive their entitlement to Shares in the form of cash).
- (b) No adjustment or variation of the terms of exercise of a Share Right, Option or a Performance Right will be made without the consent of the Participant who holds the relevant Share Right, Option or Performance Right if such adjustment or variation would have a materially prejudicial effect upon the Participant (in respect of his or her outstanding Share Rights, Options or Performance Rights), other than an adjustment or variation introduced primarily:
 - (i) for the purpose of complying with or conforming to present or future Applicable Law governing or regulating the maintenance or operation of the Plan or like plans;

- (ii) to correct any manifest error or mistake; or
- (iii) to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of the ASIC or other foreign or Australian regulatory body.

15.3 Exercise of Share Rights, Options or Performance Rights

- (a) Subject to Rule 15.3(b), Share Rights, Options or Performance Rights granted to a Participant may be exercised by delivering to the Company Secretary (at a time when the Share Rights, Options or Performance Right may be exercised):
 - (i) a Notice of Exercise signed by the Participant; and
 - (ii) evidence of payment to the Company of an amount in cleared funds equal to the Exercise Price multiplied by the number of Share Rights, Options or Performance Rights which are being exercised unless there is no Exercise Price payable in respect of the Share Rights, Options or Performance Rights to be exercised.
- (b) Share Rights or Performance Rights which are capable of being automatically exercised by the Company as specified in a Participant's Offer Document, are exercised by the Company delivering to the Participant at a time promptly after the Share Right Vesting Conditions or Performance Rights Vesting Conditions have been met:
 - (i) the Vesting Notice contemplated by Rule 15.1(a)(iii); and
 - (ii) notice (including via a Holding Statement) in accordance with the Listing Rules, of the registration in the Participant's name of those Shares underlying the Share Rights or Performance Rights including information on the following:
 - (A) the number of Shares issued to the Participant; and
 - (B) the date of issue of those Shares.

15.4 Cashless exercise of Options

In lieu of paying the aggregate Exercise Price to purchase Shares under Rule 15.3(a)(ii), the Board may, in its sole and absolute discretion, permit a Participant to elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options to the Company, a number of Shares determined in accordance with the following formula (a **Cashless Exercise**):

$$A = \frac{B(C - D)}{C}$$

where:

- A = the number of Shares (rounded down to the nearest whole number) to be issued to the Participant pursuant to this Rule 15.4;
- B = the number of Shares otherwise issuable upon the exercise of the Option or portion of the Option being exercised;

C = the Market Value of one Share determined as of the date of delivery to the Company Secretary of the items referred to in Rule 15.3(a)(i); and

D = the Exercise Price.

For example only: If a Participant holds 50 Options capable of exercise, each with an Exercise Price of \$1.00 and they elect to exercise all of their Options by paying the Exercise Price, they would pay \$50 and receive 50 Shares. However, if the Participant elects their rights under the Cashless Exercise, and the Market Value of one Share prior to exercise is \$1.50, the Participant will pay no cash and receive 16 Shares (being $50(\$1.50 - \$1.00)/\$1.50 = 16.67$, rounded down to 16 Shares).

For greater certainty, upon the Cashless Exercise of an Option (or portion thereof) (as applicable), the total number of Shares that may be issued pursuant to the exercise of Options under the Plan, as set forth in Rule 15.3, will be reduced by the total number of Shares with respect to which the Option (or portion thereof) (as applicable) was surrendered.

Note: The Company should obtain tax and accounting advice prior to the Board exercising its discretion under this Rule to permit a Cashless Exercise of Options to ensure that the Cashless Exercise is implemented in a manner to achieve the desired tax and accounting outcomes at the time.

15.5 Loans and security

The Company or any Group Company may agree to assist a Participant to fund the Exercise Price to purchase Shares under Rule 15.3(a)(ii) in such manner as the Board may determine, and the Company (or its Subsidiary) may take security over the purchased Shares in connection with such assistance. Any such loan will be subject to:

- (a) the loan being a limited recourse loan;
- (b) unless otherwise agreed by the Board in its sole discretion, be made solely to the Participant and in the name of the Participant.
- (c) the Participant complying with the requirements relating to the loan set out in an Offer Document, or any other relevant documentation issued by the Company in respect of the Offer, including entering into a loan agreement evidencing the loan with the Company; and
- (d) the Company or its Subsidiary complying with the requirements of the Corporations Act in relation to financial assistance and loans offered in connection with an employee share scheme.

15.6 One or several parcels

Subject to Rule 15.1, Share Rights, Options or Performance Rights may be exercised in one or more parcels of any size, provided that the number of Shares issued upon exercise of the number of Share Rights, Options or Performance Rights in any parcel is not less than a Marketable Parcel or is less than a Marketable Parcel as the Participant holds no other Share Rights, Options or Performance Rights capable of being exercised.

15.7 Vesting

If Share Rights, Options or Performance Rights are subject to Vesting Conditions, the Company must give a Participant a Vesting Notice upon the Vesting Conditions relating to the Share Rights, Options or Performance Rights issued (or transferred) to the Participant, having been satisfied, or waived by the Board.

15.8 Issue of Shares

If a Participant complies with Rule 15.3, the Company will, either:

- (a) subject to Rule 4.1 and the Listing Rules within 15 Business Days of the Participant's compliance with Rule 15.3, register that number of Shares (including as calculated in accordance with Rule 15.4, if applicable); or
- (b) in accordance with Rule 15.11, pay an amount in cash,

in respect of those Share Rights, Options or Performance Rights which are exercised, together with any additional Shares to which the Participant is entitled under Rule 18 as a consequence of the exercise of the Share Rights, Options or Performance Rights.

15.9 Agrees to become a member

Upon issue of Shares under the Plan, a Participant agrees to become a member of the Company and be bound by the Constitution.

15.10 Equal rank

A Share issued on exercise of a Share Right, Option or Performance Right will rank equally in all respects with Shares already on issue on the date of issue of the Shares, except for entitlements which had a record date before the date of issue of that Share.

15.11 Cash settlement

The Board may determine that an issue of Shares as a result of the exercise of a Participant's Share Rights, Options or Performance Rights, be taken by the Participant in the form of cash.

If the Board determines that an Award will be cash settled, the cash payment to be made to the Participant will, unless otherwise set out in the Offer Document or determined by the Board (acting in good faith), be in Australian dollars and equal to the Market Value of a Share as at the date on which the Participant's Award is cash settled, multiplied by the number of Shares which would otherwise have been granted to the Participant if the Awards had been equity settled.

The Company may in its sole discretion where the Board has agreed to, apply a discount, or deduct from the cash payment an amount on account of any Exercise Price (to the extent not already paid) relating to the relevant Award and any applicable tax the Company is required to withhold or any superannuation amount the Company is required to pay in connection with the Cash Settlement.

16 Lapse of Share Rights, Options and Performance Rights

16.1 Lapse of Share Rights, Options or Performance Rights

Unless otherwise specified in the Share Right Vesting Conditions, Options Vesting Conditions, Performance Right Vesting Conditions or determined by the Board, a Share Right, Option or a Performance Right lapses on the earlier of:

- (a) the Board determining that any Share Right Vesting Condition, Option Vesting Condition or Performance Right Vesting Condition has not been satisfied, reached or met in accordance with its terms or is not capable of being satisfied, reached or met;

- (b) the day immediately following the Last Exercise Date;
- (c) the date immediately following the Expiry Date;
- (d) the Share Right, Option or Performance Right lapsing in accordance with Rule 19;
- (e) the Share Right, Option or Performance Right lapsing in accordance with Rule 20;
- (f) the Share Right, Option or Performance Right lapsing in accordance with Rule 21;
or
- (g) unless the Board determines otherwise:
 - (i) the Participant purporting to Deal in the Share Rights, Options or Performance Rights in breach of the applicable Vesting Conditions or Rule 17, other than as permitted under these Rules;
 - (ii) the Board providing written notice under Rule 22(a);
 - (iii) the Participant purporting to enter into any arrangement in breach of Rule 17.2; or
 - (iv) the day before the 15th anniversary of the date of the grant.

16.2 On lapsing

Where a Participant's Share Rights, Options or Performance Rights have lapsed under Rule 16.1:

- (a) all rights of a Participant under the Plan in respect of those Share Rights, Options or Performance Rights are forfeited; and
- (b) the Company will:
 - (i) notify the Participant that the Share Rights, Options or Performance Rights have lapsed;
 - (ii) cancel the Share Rights, Options or Performance Rights; and
 - (iii) not be liable for any damages or other amounts to the Participant in respect of those Share Rights, Options or Performance Rights.

17 Dealings with Share Rights, Options and Performance Rights

17.1 No Dealing

- (a) A Participant must not Deal with any Share Rights, Options or Performance Rights issued under the Plan, unless:
 - (i) the prior consent of the Board is obtained, which may be conditional and may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or
 - (ii) such assignment or transfer occurs by force of law upon the death of a Participant to the Participant's legal personal representative.

- (b) Unless otherwise determined by the Board, where a Participant purports to Deal with a Share Right, Option or Performance Right other than in accordance with Rule 17.1(a), the Share Right, Option or Performance Right lapses in accordance with Rule 16.1(g)(i).

17.2 No hedging

If restricted by Applicable Law, a Participant may not enter into any arrangement for the purpose of hedging or otherwise affecting their economic exposure to any Share Rights, Options or Performance Rights.

18 Participation rights in new issues, reorganisations of capital and winding up

18.1 Application of this Rule

This Rule 18 applies to Participants who hold Share Rights, Options or Performance Rights that they have not yet exercised and which have not lapsed.

18.2 New issues

- (a) Participants holding Share Rights, Options or Performance Rights are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless they have validly exercised their Share Rights, Options or Performance Rights and received Shares in accordance with the Rules, before the record date for the determination of entitlements to the new issue of securities and participate as a holder of Shares.
- (b) In accordance with the Listing Rules, the Company will give Participants notice of any new issue of Shares before the record date for determining entitlements to the new issue.

18.3 Pro rata issues

If the Company makes a pro rata issue of Shares (except a bonus issue) to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of a Share Right, Option or Performance Right before the record date for determining entitlements to the pro rata issue, the Exercise Price of the Share Right, Option or Performance Right will be reduced according to the formula specified in the Listing Rules.

18.4 Bonus issues

Subject to the Listing Rules, if the Company makes a bonus issue of Shares to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of a Share Right, Option or Performance Right before the record date for determining entitlements to the bonus issue, then the number of underlying Shares over which the Share Right, Option or Performance Right is exercisable will be increased by the number of Shares which the Participant would have received if the Participant had exercised the Share Right, Option or Performance Right before the record date for the bonus issue. No adjustment will be made to the Exercise Price.

18.5 Reorganisation of capital

If there is a reorganisation of the issued capital of the Company (including a consolidation, subdivision, reduction or return) then the rights of a Participant (including the number of Share Rights, Options or Performance Rights to which each Participant is entitled and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

18.6 Winding up

If a resolution for a members' voluntary winding up of the Company is proposed (other than for the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the applicable Vesting Conditions, the Participants may, during the period referred to in the notice, exercise their Share Rights, Options or Performance Rights.

18.7 Fractions of Shares

For the purposes of this Rule 18, if Share Rights, Options or Performance Rights are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

18.8 Calculations and adjustments

Any calculations or adjustments which are required to be made under this Rule 18 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

18.9 Notice of adjustments

Whenever the number of Shares underlying a Share Right, Option or Performance Right or the Exercise Price is adjusted pursuant to these Rules, the Company will give notice of the adjustment to the Participant and the ASX together with the calculations on which the adjustment is based.

18.10 Accumulation of adjustments

Effect will be given to this Rule 18 in such manner that the effect of the successive application of this Rule 18 will be cumulative, with the intention being that the adjustments that it progressively effects will reflect previous adjustments.

19 Cessation of employment

19.1 Bad Leaver

- (a) Subject to Rule 19.4, if a Participant is a Bad Leaver, then, subject to compliance with the Listing Rules and the Corporations Act, all Unvested Awards and Vested Awards (unexercised) held by the Participant will immediately lapse and be forfeited, unless the Board determines otherwise; and
- (b) Shares issued upon exercise of a Share Right, Option or Performance Right will be retained by the Participant.

Notwithstanding the above, if a Participant becomes a Bad Leaver but is permitted by the Board to retain any Vested Awards that are unexercised, the Bad Leaver will have 30 days from the date they become a Bad Leaver in which to exercise any such Vested Awards (unless the Bad Leaver is unable to exercise these vested Awards due to the Company's securities trading policy, in which case the Bad Leaver will have until the 5th Business Day following the first day the Participant is able to exercise its Vested Award).

19.2 Good Leaver

Subject to Rule 19.4, if a Participant is a Good Leaver, then, subject to compliance with the Listing Rules and Corporations Act, the Good Leaver will be entitled to retain:

- (a) a pro-rata amount of the Good Leaver's Unvested Awards (based on the proportion of the vesting period that the Participant was employed by the Group, by reference to the number of whole months employed and performance hurdles achieved within that period) subject to their original terms;
- (b) all Vested Awards subject to their original terms; and
- (c) all Shares issued to the Participant upon exercise of any Vested Awards.

19.3 Retirement

Subject to Rule 19.4, if a Participant becomes a Leaver due to bona fide retirement, subject to the Listing Rules and Corporations Act, that Participant will be entitled to retain all Unvested Awards subject to their original terms, and Shares issued to the Participant upon exercise of any Vested Awards.

19.4 Board Discretion

Notwithstanding the provisions of Rule 19.1, 19.2 or 19.3, the Board may, subject to compliance with the Listing Rules and the Corporations Act, determine to treat any Vested Awards, Unvested Awards or Shares issued on exercise of a Vested Award held by a Leaver other than in the manner set out in Rule 19.1, 19.2 or 19.3 if the Board determines that the relevant circumstances warrant such treatment.

20 Change of Control Event

20.1 Change of Control Event

If a Change of Control Event occurs, the Board may in its sole and absolute discretion, subject to the Listing Rules, determine how Unvested Awards held by a Participant will be treated, including but not limited to:

- (a) determining that Unvested Awards (or a portion of those Unvested Awards) will vest and (in respect of Share Rights, Options and Performance Rights) become immediately exercisable with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the Participant is terminated or ceases in connection with the Change of Control Event; and/or
- (b) reducing or waiving any of the Vesting Conditions attaching to those Unvested Awards in accordance with Rule 8.6 or Rule 15.2.

20.2 Notice to Participants

Whether or not the Board determines to accelerate the vesting of any Shares, Share Rights, Options or Performance Rights, the Company must give written notice of any proposed Change of Control Event to each Participant.

21 Breach, fraud, misconduct or malus

If the Board determines that a Participant (or an Eligible Employee who has nominated a Nominated Party to receive Shares, Share Rights, Options or Performance Rights under the Plan) at any time:

- (a) has been dismissed or removed from office for a reason which entitles a Group Company to dismiss the Participant (or Eligible Employee) without notice;
- (b) has been convicted on indictment of an offence against the Corporations Act in connection with the affairs of a Group Company;
- (c) has had a judgement entered against him or her in civil proceedings in respect of the contravention by the Participant (or Eligible Employee) of his or her duties at law, in equity or under statute in his or her capacity as an executive or Director of a Group Company;
- (d) has committed an act of fraud, defalcation or gross misconduct in relation to the affairs of that body corporate (whether or not charged with an offence);
- (e) is in material breach of any of his or her duties or obligations to a Group Company;
- (f) has exhibited significant under-performance which has had an adverse impact on a Group Company; or
- (g) has done an act which brings a Group Company into disrepute,

the Board may determine that:

- (h) all Unvested Shares, Vested Shares and Shares issued on the exercise of any Share Right, Performance Right or Option held by the relevant Participant will be forfeited by the Participant in accordance with Rule 9 and treated as a Forfeited Share;
- (i) the existing terms of any Vested Awards or Unvested Awards held by the Recipient should be altered and the revised terms of those Vested Awards or Unvested Awards reverse or alter any Vesting Conditions or Vesting Dates;
- (j) the Participant is required to pay or repay, an amount equal to the net proceeds of any sale of their Shares issued on exercise of their Awards and any dividends or dividend equivalent payments in respect of their Awards; and/or
- (k) all Share Rights, Options or Performance Rights held by the relevant Participant will lapse in accordance with Rule 16.

22 Clawback

If the Board becomes aware of a material misstatement in the Company's financial statements or some other event has occurred which, as a result, means that the Vesting

Conditions in respect of certain Vested Awards were not, or should not have been determined to have been, satisfied, then the Participant will cease to be entitled to those Vested Shares (**Affected Shares**), Vested Share Rights (**Affected Share Rights**), Vested Options (**Affected Options**) or Vested Performance Rights (**Affected Performance Rights**) and the Board may:

- (a) by written notice to the Participant:
 - (i) cancel the relevant Affected Share Rights, Affected Options or Affected Performance Rights for no consideration; or
 - (ii) determine that the Affected Shares are Forfeited Shares for the purposes of Rule 9;
- (b) by written notice to the Participant require that the Participant pay to the Company the after tax value of the Affected Shares, Affected Share Rights, Affected Options or Affected Performance Rights (and which have been converted into Shares), with such payment to be made within 30 Business Days of receipt of such notice; or
- (c) adjust fixed remuneration, incentives or participation in this Plan of a relevant Participant in the current year or any future year to take account of the after tax value of the Affected Shares, Affected Share Rights, Affected Options or Affected Performance Rights.

23 Dividend equivalent payments

- (a) No participant is entitled to dividends unless and until their Share Right, Option or Performance Right is exercised, and a Share is issued.
- (b) The Board may determine in an Offer Document that for any relevant vesting period (in its absolute discretion) of an Award that a Participant may be entitled to receive either:
 - (i) a cash payment equal to the dollar value of dividends that the Participant would have received had the Participant held Shares instead of Share Rights, Options or Performance Rights at the time a dividend is declared (if any); or
 - (ii) an equivalent number of Shares (to be calculated by the Board in its absolute discretion).
- (c) There is no guarantee that any dividend will be declared or paid. If no dividend is declared, a Participant will not be entitled to any top-up of cash or equity.
- (d) Should a dividend be declared, the relevant amount will be paid to a Participant (or Shares allotted to a Participant) following the end of the relevant vesting period.

24 Amendments of Rules

Subject to and in accordance with the Listing Rules (including any waiver granted under such Listing Rules), the Board (without the necessity of obtaining the prior or subsequent consent or approval of Shareholders in a general meeting) may from time to time amend (including the power to revoke, add to or vary) all or any provisions of the Rules in any respect whatsoever, by an instrument in writing, provided that rights or entitlements in respect of any Share, Share Right, Option or Performance Right granted before the date

of amendment must not be reduced or adversely affected unless prior written approval from the affected Participant(s) is obtained.

25 Administration of Plan

- (a) The Board may appoint for the proper administration and management of the Plan, such persons as it considers desirable and may delegate thereto such authorities as may be necessary or desirable for the administration and management of the Plan.
- (b) Subject to the provisions of the Rules, the Board may make such regulations and establish such procedures for the administration and management of the Plan as they consider appropriate.
- (c) The decision of the Board as to the interpretation, effect or application of the Rules will be final.

26 Appointment of trustee

- (a) The Board may at any time:
 - (i) appoint a trustee (**Trustee**) on any terms and conditions which it considers appropriate to do all such things and perform all such functions as it considers appropriate to operate and administer the Plan, including to acquire and hold Shares or Options on behalf of Participants, for transfer to future Participants or otherwise for the purposes of the Plan; and
 - (ii) establish a trust (**Trust**) for the purposes set out in Rule 26(a)(i).
- (b) If the Board appoints a Trustee to hold Shares that are to be delivered to a Participant under this Plan:
 - (i) the Shares or Options will be registered in the name of the Trustee and held by the Trustee on trust for that Participant and subject to the trust deed establishing the Trust (**Trust Deed**);
 - (ii) for the avoidance of doubt, to the extent there is any inconsistency between these Rules and any provision of the Trust Deed, the Trust Deed will prevail to the extent of the inconsistency;
 - (iii) where any provision of this Plan refers to granting, issuing, transferring or allotting Shares or Options to, or holding, acquiring, receiving, subscribing for or disposing of Shares or Options by the Participant, it will mean granting, issuing, transferring or allotting Shares or Options to, or holding, acquiring, receiving, subscribing for or disposing of Shares or Options by, the Trustee on behalf of that Participant;
 - (iv) unless the context requires otherwise, any other Rule of this Plan that refers to the Participant will mean the Trustee on behalf of that Participant; and
 - (v) the Trustee on behalf of each Participant will be entitled to any rights which accrue to Shares or Options held for the benefit of that Participant and will exercise those rights in accordance with the Trust Deed.

27 Rights of Eligible Employees

Being a Participant, will not in any way prejudice or affect the right of a Group Company to dismiss any Participant or Eligible Employee who has nominated a Nominated Party to hold an Award or to vary the terms of employment of any Participant (or Eligible Employee). Nor will participation or the rights or benefits of a Participant (or Eligible Employee) under the Rules be relevant to or used as grounds for granting or increasing damages in any action brought by a Participant (or Eligible Employee) against a Group Company whether in respect of any alleged wrongful dismissal or otherwise.

28 Attorney

Each Participant, in consideration of an Offer:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an "attorney"), severally, as the Participant's attorney to:
 - (i) complete and execute any documents including Applications for Shares and Share transfers;
 - (ii) if Rule 22 applies to the Participant or if the Participant becomes a Bad Leaver, complete and execute any documents, including proxy voting forms in respect of a general meeting and Share transfers, necessary to clawback, sell, buy-back or otherwise deal with the Participant's Vested Awards, Unvested Awards and Shares issued on exercise of a Share Right, Option or Performance Right and Forfeited Shares in accordance with these Rules; and
 - (iii) to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules;
 - (b) covenants that the Participant will ratify and confirm any act or thing done pursuant to this power;
 - (c) releases each Group Company and the attorney from any liability whatsoever arising from the exercise of the powers conferred by this Rule; and
 - (d) indemnifies and holds harmless each Group Company and the attorney in respect thereof.
-

29 ASIC relief

Notwithstanding any other provisions of the Plan, every covenant or other provision set out in an exemption or modification granted from time to time by the ASIC in respect of the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this Rule to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision shall prevail.

30 Notices

Any notice to Participants may be given in such manner as the Board determines.

31 Governing Law

This Plan is governed by the laws of Queensland.

Schedule 1 Dictionary

1 Dictionary

In these Rules, unless the context otherwise requires, the following terms and expressions will have the following meanings:

Affected Options has the meaning given to it in Rule 22.

Affected Performance Rights has the meaning given to it in Rule 22.

Affected Share Rights has the meaning given to it in Rule 22.

Affected Shares has the meaning given to it in Rule 22.

Applicable Law means any one or more or all, as the context requires of:

- (a) the Corporations Act;
- (b) the Corporations Regulations;
- (c) the Listing Rules;
- (d) the Constitution;
- (e) the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth);
- (f) any practice note, policy statement, regulatory guide, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend (a), (b), (c) and (e) above; and
- (g) any other legal requirement that applies to the Plan.

Application means a duly completed and executed application for the issue of Shares, Share Rights, Options or Performance Rights made by an Eligible Employee in respect of an Offer, in the form approved by the Board from time to time.

ASIC means the Australian Securities and Investments Commission.

Associated Entity has the meaning given in section 50AAA of the Corporations Act.

ASX means the Australian Securities Exchange.

ASX Operating Rules means the ASX rules that govern the ASX and its clearing and settlement facilities.

Award means:

- (a) an Option;
- (b) a Performance Right;
- (c) a Share Right; or

(d) a Share,

as applicable.

Bad Leaver means a Leaver who is not:

(a) a Good Leaver; or

(b) a Leaver for the reasons set out in Rule 19.3 (retirement).

Board means the board of directors of the Company.

Business Day means a day on which banks are open for general business in Brisbane, Queensland, excluding Saturdays or Sundays.

Cashless Exercise has the meaning given in Rule 15.4.

Change of Control Event occurs where:

- (a) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional;
- (b) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or 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 or companies;
- (c) approval has been given by a resolution duly passed at a general meeting of the Company for an acquisition that would result in a person having voting power in the Company of more than 50 per cent;
- (d) any other merger, consolidation or amalgamation involving the Company occurs or is proposed where the merger, consolidation or arrangement results in the holders of Shares immediately prior to the merger, consolidation or amalgamation, having relevant interests, in aggregate, in 50 per cent or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation; or
- (e) any Group Company enters into agreements to sell in aggregate a majority in value of the businesses or assets (whether or not in the form of shares in a Group Company) of the Group to a person, or a number of persons, none of which are Group Companies; or
- (f) the Board determines in its reasonable opinion, control of the Company has or is likely to change or pass to one or more persons, none of which are Group Companies.

Company means Virgin Australia Holdings Limited ABN 54 100 686 226.

Company Secretary means the company secretary or secretaries of the Company, from time to time.

Constitution means the constitution of the Company (as amended from time to time).

Corporations Act means the *Corporations Act 2001* (Cth), as amended from time to time.

Corporations Regulations means the *Corporations Regulations 2001* (Cth), as amended from time to time.

Deal or Dealing means, in relation to a Share, Share Right, Option or Performance Right:

- (a) to sell, transfer, assign, novate, swap, declare a trust over, grant a Security Interest over, dispose of or otherwise alienate or deal with any legal or equitable interest in the Share, Share Right, Option or Performance Right (as applicable); or
- (b) taking any steps or attempting to do any of the things set out in paragraph (a).

Directors means the directors of the Company.

Eligible Employee means an Employee whom the Board determines is to be issued Awards under the Plan.

Employee means a person who is an employee or director of, or an individual who provides services to, a Group Company.

Exercise Price means the exercise price of a Share Right, Option or Performance Right.

Expiry Date means the date Options, Share Rights and Performance Rights will expire.

First Acceptance Date means the first date that an Eligible Employee may accept an Offer.

Final Acceptance Date means the final date that an Eligible Employee may accept an Offer.

First Exercise Date with respect to a Option, Share Right or Performance Right means:

- (a) the date specified in an Offer;
- (b) subject to paragraph (c), if no date is specified in an Offer, the date of issue of the Option or Performance Right; or
- (c) the date determined under these Rules (if any).

Forfeited Shares means the Shares the ownership of which has been or is required to be (as the case maybe) forfeited under the Rules.

Good Leaver means a Participant who becomes a Leaver due to:

- (a) genuine redundancy;
- (b) death or total permanent incapacitation; or
- (c) any other reason approved by the Board.

Grant Conditions means the conditions (if any) determined by the Board and specified in the Offer which are, subject to these Rules, required to be satisfied, reached or met before a Share, Share Right, Option or Performance Right will be granted.

Grant Date means the date Shares (excluding Shares issued on exercise of a Share Right, Option or Performance Right), Share Rights, Options or Performance Rights are issued to a Participant under an Offer.

Group means the Company and its Associated Entities and **Group Company** means the Company or any of its Associated Entities.

GST Law has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Holding Lock means a mechanism arranged or approved by the Board and administered by the Company (including through its share registry) that prevents Shares being disposed of by a Participant.

Holding Statement means a statement issued by the share registry of the Company detailing a Participant's holding of Shares.

Issue Cap means the issue cap for offers involving Monetary Consideration under section 1100V of the Corporations Act.

Issue Price means the amount (if any) payable per Share, Share Right, Option or Performance Right by an Eligible Employee on application for Shares, Share Rights, Options or Performance Rights offered under an Offer.

Last Exercise Date with respect to a Share Right, Option or Performance Right means:

- (a) the date specified in an Offer;
- (b) subject to paragraph (c), if no date is specified in an Offer, the date 7 years after the Grant Date; or
- (c) the date determined under Rule 19 (if any).

Leaver means a Participant (or an Eligible Employee who has nominated a Nominated Party to receive Shares, Share Rights, Options or Performance Rights under the Plan) ceases to be employed or engaged by the Group.

Liable Person means a person named, with their consent, in the terms and conditions or in the Offer Document as:

- (a) a proposed director of the Company; and
- (b) having made:
 - (i) a misleading or deceptive statement; or
 - (ii) a statement on which a misleading or deceptive statement is based.

Listing Rules means the official listing rules of the ASX as amended from time to time.

Loss means all losses, liabilities, damages and claims, and all related costs and expenses (including any and all reasonable legal fees and reasonable costs of investigation, litigation, settlement, judgment, appeal, interest and penalties).

Market Value means, in relation to a Share, the volume weighted average closing sale price of a Share sold on ASX on the last 5 trading days on which sales were recorded immediately before the relevant date.

Marketable Parcel has the meaning given to that term in the ASX Operating Rules, as amended from time to time.

Monetary Consideration means monetary consideration payable by the Participant in respect of the issue or transfer of a Share, Share Right, Option or Performance Right and/or the monetary consideration payable by the Participant on the exercise of a Share Right, Option or Performance Right.

Nominated Party means, in respect of an Eligible Employee:

- (a) an immediate family member of the Eligible Employee;
- (b) a company controlled by the Eligible Employee or their immediate family members;
or
- (c) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) where the Eligible Employee is a director of the trustee.

Notice of Exercise means a duly completed and executed notice of exercise of a Share Right, Option or Performance Right in the form approved by the Board from time to time.

Offer means an offer made to an Eligible Employee to subscribe for one or more Shares, Share Rights, Options or Performance Rights under the Plan.

Offer Document means one or more documents which together constitute an offer document that complies with Rule 5.7 and Applicable Law and is otherwise in the form approved by the Board from time to time.

Option means an option granted pursuant to these Rules to subscribe for one Share upon and subject to the terms of these Rules and the terms of the Offer.

Option Vesting Condition means the performance, vesting or other conditions (if any) as determined by the Board (in its absolute discretion) and specified in the terms of the Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option vests and can be exercised.

Participant means:

- (a) an Eligible Employee; or
- (b) if Rule 5.11 applies, a Nominated Party of the Eligible Employee,

to whom Shares, Share Rights, Options or Performance Rights have been granted under the Plan.

Performance Right means a conditional right, conditional on the achievement of performance measures amongst other conditions, issued to a Participant under the Plan to receive a Share, subject to the terms of the Offer and these Rules.

Performance Right Vesting Condition means the performance, vesting or other conditions (if any) as determined by the Board (in its absolute discretion) and specified in the terms of the Offer which are, subject to these Rules, required to be satisfied, reached or met before a Performance Right vests and can be exercised.

Plan means the employee equity incentive scheme(s) established in accordance with these Rules.

Relevant Person means:

- (a) in respect of an Eligible Employee, that person; and
- (b) in respect of a Nominated Party of an Eligible Employee being a Nominated Party under Rule 5.11, that Eligible Employee.

Rules means the rules of the Plan set out in this document.

Security Interest means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature (including the registration and/or perfection of that security interest under the *Personal Property Securities Act 2009* (Cth)).

Share means a fully paid ordinary share in the Company.

Share Right means a conditional right, conditional on conditions which do not require the achievement of performance measures, issued to a Participant under the Plan to receive a Share, subject to the terms of the Offer and these Rules.

Share Vesting Conditions means the conditions (if any) determined by the Board (in its absolute discretion) and specified in the terms of the Offer under which a Share is offered, limiting the rights of the Participant holding the Share, to Deal in the Share or which might result in forfeiture of the Share.

Share Right Vesting Condition means the vesting or other conditions (if any) as determined by the Board (in its absolute discretion) and specified in the terms of the Offer which are, subject to these Rules, required to be satisfied, reached or met before a Share Right vests and can be exercised.

Shareholder means a holder of Shares.

Shareholder Approval means any prior approvals that need to be obtained from Shareholders in connection with these Rules before an action is taken or determination made under these Rules including any shareholder approvals required in accordance with Applicable Law.

Trust has the meaning given in Rule 26.

Trust Deed has the meaning given in Rule 26.

Trustee has the meaning given in Rule 26.

Unvested Awards means Unvested Shares, Unvested Share Rights, Unvested Options and Unvested Performance Rights.

Unvested Option means an Option that is not a Vested Option.

Unvested Performance Right means a Performance Right that is not a Vested Performance Right.

Unvested Share means a Share that is not a Vested Share.

Unvested Share Rights means a Share Right that is not a Vested Share Right.

Vested Awards means Vested Shares, Vested Share Rights, Vested Options and Vested Performance Rights.

Vested Option means an Option in respect of which the Board has determined that all the Option Vesting Conditions (if any) have been satisfied or waived.

Vested Performance Right means a Performance Right in respect of which the Board has determined that all the Performance Right Vesting Conditions (if any) have been satisfied or waived.

Vested Share means a Share the subject of an Offer in respect of which the Board has determined that all of the Share Vesting Conditions (if any) attaching to the Share have been satisfied or waived.

Vested Share Right means a Share Right the subject of an Offer in respect of which the Board has determined that all of the Share Right Vesting Conditions (if any) attaching to the Share Right have been satisfied or waived.

Vesting Date means the date a Share, Share Right, Option or Performance Right will vest if all Share Vesting Conditions, Share Right Vesting Conditions, Option Vesting Conditions and Performance Right Vesting Conditions are satisfied or waived.

Vesting Conditions means the Share Vesting Conditions, Share Right Vesting Conditions, Option Vesting Conditions and Performance Right Vesting Conditions.

Vesting Notice means a notice to a Participant that, to the extent specified in the vesting notice, the Vesting Conditions attaching to their Award have been satisfied or waived.

2 Interpretation

In these Rules, the following rules of interpretation apply unless the contrary intention appears:

- (a) headings are for convenience only and do not affect the interpretation of these Rules;
- (b) the singular includes the plural and vice versa;
- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not words of limitation;
- (f) a reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation, trust or other body corporate;
 - (ii) a thing (including but not limited to a chose in action or other right) includes a part of that thing;
 - (iii) a party includes its agents, successors and permitted assigns;
 - (iv) a document includes all amendments or supplements to that document;

- (v) a rule, term, party, schedule or attachment is a reference to a rule or term of, or party, schedule or attachment to these Rules;
- (vi) these Rules includes all schedules and attachments to it;
- (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
- (viii) a statute includes any regulation, ordinance, by-law or other subordinate legislation under it;
- (ix) an agreement other than these Rules includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
- (x) a monetary amount is in Australian dollars and all amounts payable under or in connection with these Rules are payable in Australian dollars;
- (g) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of the Rules or any part of them;
- (h) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day; and
- (i) in determining the time of day, where relevant to these Rules, the relevant time of day is:
 - (i) for the purposes of giving or receiving notices, the time of day where a party receiving a notice is located; or
 - (ii) for any other purpose under these Rules, the time of day in the place where the party required to perform an obligation is located;
- (a) a day is the period of time commencing at midnight and ending immediately before the next midnight is to occur; and
- (b) if a period of time is calculated from a particular day, act or event (such as the giving of a notice), unless otherwise stated in these Rules, it is to be calculated exclusive of that day, or the day of that act or event.