

JAMES HALSTEAD PLC
(THE "COMPANY")
LONG-TERM SHARE INCENTIVE PLAN ("PLAN")
SUMMARY OF TERMS

1. Introduction

- 1.1 The Company is proposing to establish a long term incentive plan to grant awards ("**Awards**") to certain key employees of the Company and its group. The Company has engaged DWF Law LLP ("**DWF**") to draft rules of the Plan ("**Rules**"). A copy of the Rules is available at request from the Company Secretary.
- 1.2 The terms of the Rules are summarised in this paper. Unless otherwise defined, terms in this paper are as defined in the Rules.
- 1.3 The Plan has been prepared on the basis of an investment grade Long Term Incentive Plan suitable for a fully listed company on the main market of the London Stock Exchange.

2. Nature of Awards

- 2.1 Awards take the form of options to acquire shares in the capital of the Company for the Exercise Price. The Exercise Price shall be as determined by the Committee and may be less than market value.
- 2.2 Awards may be exercised in respect of Vested Award Shares (see paragraph 3) following the satisfaction of the relevant Performance Condition but must be exercised within 10 years of the Award Date.

3. Limits on Grants

- 3.1 The plan only allows Awards to be made such that:
 - 3.1.1 The total number of shares under option or subject to employee incentive arrangements (which would include the Company's existing Company Share Option Plan and any other equity incentive arrangements) do not exceed 10% of the Company's total share capital; and
 - 3.1.2 The value of Awards made to any employee in any year shall not exceed 150% of their base salary, save in exceptional circumstances as considered by the Committee.
- 3.2 Awards may be granted by the Company at any time before the tenth anniversary of approval of the Rules by shareholders. The Awards shall always be subject to the Company's AIM dealing code.
- 3.3 Awards may only be granted to employees of the group. The Plan is not suitable to grant Awards to non-executive directors.

4. Vesting

- 4.1 Award Shares become Vested Award Shares on satisfaction of the relevant Performance Conditions and (subject to accelerated vesting on leaver events (see paragraph 5) and corporate events (see paragraph 6)) are subject to a minimum three year period from the Award Date before Award Shares can become Vested Award Shares.
- 4.2 In most cases therefore, Awards are not exercisable for at least three years and are only exercisable once Performance Conditions have been satisfied or deemed satisfied.
- 4.3 Performance Conditions would also typically be set over a three year period and the Committee has the ability to amend a Performance Condition if an event occurs that makes such an amendment suitable.

5. Leavers

- 5.1 The treatment of Leavers depends whether they leave:
 - 5.1.1 for a Specified Circumstance (death, disability, redundancy, retirement or transfer of business/ company out of the group);
 - 5.1.2 for another reason; or
 - 5.1.3 for Misconduct.
- 5.2 Leavers who leave for a Specified Circumstance:
 - 5.2.1 retain and may exercise their Award Vested Shares within the period of 12 months beginning with the Leaving Date;
 - 5.2.2 retain and may exercise their Award within the period of 12 months beginning with the Leaving Date in respect of Award Shares that are not vested at the Leaving Date but either (i) the Performance Condition is subsequently satisfied or (ii) the Committee exercise a discretion to declare the Performance Condition satisfied, but Awards are only in respect of a proportionate amount related to the proportion of the Performance Period that has elapsed by the Leaving Date (unless the Company exercises a relevant discretion).
- 5.3 Leavers who leave for another reason:
 - 5.3.1 retain and may exercise their Award Vested Shares within the period of 12 months beginning with the Leaving Date; and
 - 5.3.2 lose all other Awards unless the Committee determines otherwise.
- 5.4 Leavers who leave for Misconduct lose all their Awards (vested or otherwise).

6. Change of Control and Corporate Events

- 6.1 On certain corporate events, such as a share sale, takeover, scheme of arrangement or other change of control, the Committee may declare Performance Conditions

satisfied so that the Awards can be exercised with respect to such proportion of the Awards as is proportionate to the time between the grant date and the relevant event (or such higher proportion as the Company determines).

7. Tax Position

7.1 The Awards will be unapproved share options for UK tax purposes. As such no tax will arise on grant of the Awards but Awardholders will be subject to income tax and National Insurance contributions ("**NICs**") on exercise of the Awards (on the basis that the Company is listed on AIM) and the Company will be subject to employer NICs.

7.2 It is a condition of exercise that the Awardholders pay all such tax and NICs to the Company and may be required to pay employer's NICs as well.

8. Malus and Clawback

8.1 The Plan contains standard malus and clawback provisions which allow the Committee to either reduce or clawback an Award where either it was wrongly determined that a Performance Condition was satisfied or there has been some misconduct on the part of the Awardholder. These provisions also allow the value attributable to such Awards to be recovered from the Awardholder in these circumstances up to three years after the vesting date.