

Appendix A [Insert name of Plan] (“the Plan”): Free Share Agreement

PLEASE USE BLOCK CAPITALS AND READ THE WHOLE OF THE AGREEMENT BEFORE SIGNING BELOW

This agreement is between:

Participant (“the Participant”)	Company (“the Company”)
Name: Home Address:	Name: Registered Address:
Payroll Number:	Registered Number:

This agreement sets out the terms on which the Participant agrees to take part under the terms of the Plan and is subject to the rules of the Plan. The definitions in the Plan Rules apply to this agreement:

PARTICIPANT

1. I agree to accept the Free Shares in [insert name of company] awarded to me under the Plan.
2. I agree to leave the Free Shares in the hands of the Trustees, and not to assign, charge or otherwise dispose of my beneficial interest in the shares for the whole of the Holding Period [insert number of years being not less than 3 and not more than 5]
3. I agree that all dividends paid on my shares will be used by the Trustees to buy more shares in [insert name of company] for me according to the rules of the Plan.
4. I agree to leave the Dividend Shares in the hands of the Trustees, and not to assign, charge or otherwise dispose of my beneficial interest in the shares for the whole of the Holding Period of 3 years.
5. I have read this agreement and agree to be bound by it and by the rules of the Plan.

COMPANY

6. The Company agrees to arrange for shares in [insert name of company] to be awarded and bought for me, according to the rules of the Plan.
7. [Insert the terms (or a cross reference to an explanation of the terms) on which the Free Shares will be awarded – for example the application of Rule 4 and the method for any performance award (Rule 5).]

Signature: _____

Date: ___ / ___ / ____

DRAFT FREE SHARE AGREEMENT

Rights and Obligations

1. I agree that taking part in the Plan does not affect my rights, entitlements and obligations under my contract of employment, and does not give me any rights or additional rights to compensation or damages if my employment ceases.
2. I may ask the Trustees for my Free Shares and Dividend Shares at any time after the end of the Holding Period, but I may have to pay income tax and National Insurance Contributions when they are taken out of the Plan.
3. I agree to allow the Trustees to sell some or all of my shares to pay any income tax and National Insurance Contributions in respect of my shares ceasing to be subject to the Plan, unless I provide them in advance with sufficient funds to pay these amounts.
4. If there is a rights issue, I agree to allow the Trustees to sell some of the rights attached to my shares in the Plan, to exercise the rights attached to other shares held by me in the Plan.
5. I can at any time withdraw from this agreement, by writing to my employer.
6. I agree that withdrawal from this agreement will not affect the terms on which I agreed to accept any shares that have already been awarded to or bought for me under the terms of the Plan.
7. I understand that my obligations during the Holding Period will end:
 - a) if I cease to be in Relevant Employment, and this may lead to forfeiture of the Free Shares;
 - b) if the Company terminates the Plan in accordance with Clause 23 of the Deed and I have consented to the transfer of the Shares to me.
8. I understand that my obligations under the Holding Period are subject to:
 - a) the right of the trustees to sell my shares to meet PAYE obligations;
 - b) the Trustees accepting at my direction an offer for my shares in accordance with the Plan.
9. I will lose my Free Shares if I cease to be in Relevant Employment within [*insert time not exceeding 3 years*] from the date of the Award, **unless the employment ceased for one of the following reasons:**
 - (a) injury or disability
 - (b) redundancy
 - (c) transfer of employment to which the Transfer of Undertaking (Protection of Employment) Regulations 1981 apply
 - (d) change of control or other circumstances ending the associated company status of the employer company
 - (e) retirement on or after reaching Retirement Age
 - (f) death.

Dividend Reinvestment

10. Cash dividends will be used to buy more shares (Dividend Shares) for me.
11. Any amount over £1,500 in each tax year will be paid to me.
12. Any amount below £1,500 not used to buy shares shall be carried forward and added to the next cash dividend to be reinvested.

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