

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

**BETWEEN**

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

**RECITALS**

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

**Name**

<< >>  
<< >>  
<< >>  
<< >>

**No of Shares**

<< >>  
<< >>  
<< >>  
<< >>

- (B) The Grantee is a [director] **AND** [officer] **OR** [<<other, e.g. consultant or contractor>>] of the Company. The Company has agreed to grant an option to subscribe for Ordinary Shares as follows:

**WHEREBY IT IS AGREED AS FOLLOWS:**

**1. Interpretation**

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

**"the Board"**

the Board of Directors for the time being of the Company or any committee of the Board duly authorised for the purposes of this Agreement;

**"Option"**

the option to subscribe for the Option Shares granted by the Company to the Grantee in Clause 2 below;

**"Option Exercise Period"**

the period commencing on [the date hereof];

**"Option Shares"**

the shares (being such number as the Board may determine)

represents << >> per cent of the issued ordinary share capital, as enlarged by the issue thereof) subject to adjustment under Clause 5;

**"Ordinary Shares"** fully paid ordinary shares of << >> each in the capital of the Company;

**"Sale"** the acceptance of an offer or the completion of an agreement whereunder any person firm or company:

(a) is or becomes bound to purchase, and the ordinary shareholders of the Company shall become bound to sell, not less than 90% in nominal value of the ordinary shares in the Company; or

(b) is or becomes bound to purchase, and the Company becomes bound to sell, the whole or substantially the whole of its undertaking business and assets;

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

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

## 2. **Grant of Option**

- 2.1 In consideration of the sum of £1 now paid by the Grantee to the Company (the receipt of which the Company hereby acknowledges) the Company

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hereby grants to the  
subscribe for the  
accordance with Cla

ing the Option Exercise Period to  
Subscription Price exercisable in

- 2.2 Except as otherwise  
be exercisable by t  
charged. Any purp  
Company to cancel

in this Agreement the Option shall  
y not be transferred, assigned, or  
ment or charge shall entitle the

### 3. Exercise of Option

- 3.1 The Option may be  
Exercise Period by  
notice of exercise in  
accompanied by pa  
Option Shares.
- 3.2 The Option may no  
and shall automatic  
the Option Exercise  
and 7 (if earlier).
- 3.3 Within 7 days of re  
on behalf of the Cor  
as fully paid.
- 3.4 All of the Option Sh  
pari passu in all res  
Option Shares issu  
or recommended or

tee at any time during the Option  
pany secretary a duly completed  
d may from time to time prescribe  
of the Subscription Price for the

t of part only of the Option Shares  
een exercised by the expiration of  
stances contemplated in Clauses 6

the notice of exercise, the Board  
rantee the Option Shares credited

e of the Option shall on issue rank  
s existing Ordinary Shares but the  
dividends or distributions declared  
which the Option is exercised.

### 4. Cessation of the Option

- 4.1 If at any time the  
employee] OR [<<of  
of its subsidiaries f  
Period the Option w  
this Agreement [u  
circumstances whe  
jurisdiction that he  
subsidiaries for un  
employee for reaso
- 4.2 [If the Option contin  
the Company or a  
under Clause 4.1 a  
months after the d  
Grantee becomes a  
is in direct compe  
subsidiaries at that
- 4.3 In the event of the d

e a [director] **AND/OR** [full time  
ntractor>>] of the Company or any  
the expiry of the Option Exercise  
e shall have no further rights under  
ceased to be an employee in  
established by a court of competent  
against the Company or any of its  
sal or he has ceased to be an

ases to be a full time employee of  
the circumstances contemplated  
n any event lapse <<e.g twelve>>  
e's employment or earlier if the  
ise interested in any company that  
s of the Company or any of its

Option shall lapse automatically.

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## 5. Variation of Capital

- 5.1 Subject to sub-Clause 5.2, in the event of an increase or variation of the share capital (whenever effected) by way of capitalisation, sub-division or reduction the Board may make such adjustments as it may think fit under sub-Clause 5.2 below.
- 5.2 An adjustment made under this Clause shall be to one or more of the following:
- 5.2.1 the number of shares in respect of which the Option may be exercised; or
- 5.2.2 the Subscription Price.
- 5.3 Except in the case of a capitalisation, no adjustment under sub-Clause 5.2 above shall be made without the prior approval or confirmation in writing by the auditors for the time being of the Company and a resolution to the Board that such adjustment is in their opinion favourable to the interests of the Company.
- 5.4 An adjustment under this Clause may have the effect of reducing the Subscription Price only if and to the extent that the Board shall be authorised to capitalise from the reserves of the Company the amount by which the nominal value of the Option Shares exceeds the amount by which the nominal value of the Option Shares is paid up and to apply such sum in paying up the Option Shares; and so that on exercise of the Option the Grantee shall be entitled to the same in paying up the Option Shares as if the nominal value of the Option Shares had not been reduced.
- 5.5 As soon as reasonable notice has been given in writing thereof to the Grantee, the Board may make any adjustment under sub-Clause 5.2 above, to the extent that it may think fit.
- 5.6 The Company will not be obliged to subscribe for new shares or grant any option or other right to any person, including the Grantee, at any time in the period prior to the exercise of the Option, unless the new shares to be issued are offered to all the existing shareholders of the Company and, in the period prior to the exercise of the Option, the Grantee on the basis that his share of the new shares to be issued will be on the assumption that he is the holder of the Option. The procedure for the allocation of new shares by the Company will be governed by the provisions of Section 561 of the Companies Act 2006 and the Board shall not permit that procedure to be excluded or disapplied in relation to the Option Shares.

## 6. Winding Up

If at any time while the Option is exercisable notice is duly given of a general meeting of the Company for the purpose of the voluntary liquidation of the Company, the Grantee shall be proposed for the voluntary liquidation of the Company notwithstanding the fact that the Option is not yet exercisable. The Board shall give to the Grantee notice of the meeting and shall give him notice of his rights under this Clause.

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- been issued to the Grantee under  
be a [director] **AND/OR** [full time  
contractor >>] of the Company or  
ss the Grantee has ceased to be  
been legally established by a court  
essful claim against the Company  
ful dismissal or he has ceased to  
will be obliged forthwith to submit  
cuted transfers or assignments in  
notice in writing to the Company (a  
s agent for the sale of the Option  
ed under sub-Clause 8.5 below) to  
time (the “Continuing Members”) .  
er it has been issued (the “Offer

- contained in the Sale Notice, they specify the number of shares they intend to sell. In addition, the shares to be sold will be allocated among Members according to their pro-rata share of the Offer Period. All Members will be obliged to acquire a greater number of shares than they are entitled to in order to effect acceptance.

- shall during the Offer Period accept payment of all (but not part only) of the purchase price of the shares comprised in that category of 28 days after the date of completion of the Continuing Members' meeting (or unanimously agree) when such members have agreed to pay the money to the Company, who shall then deliver the shares to be sold and shall issue the certificates therefor.

- Accepted during the Offer Period in the Sale Notice, the Grantee may the offer has not been accepted by the Company if and to the distributable reserves and is lawfully referred to in sub-Clause 8.3 shares to the Company.

- sed in a Sale Notice shall be the  
being of the Company as the fair  
Notice as between a willing seller  
is and on the assumption that the

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value to be given to the Grantee of all the issued shares comprised in the Sale. In so certifying, the Grantee shall act as arbitrators and not as experts and their decision shall be conclusive and binding on the Grantee. The costs of the auditors shall be borne by the Grantee.

shall be such proportion of the value of the shares as is attributable to the shares to their capital and dividend rights. The Grantee shall be acting as experts and not as arbitrators and their decision shall be conclusive and binding on the Grantee. The costs of any such certificate given by the

- 8.6 All shares to be sold shall be transferred by the Grantee with full title guarantee and with all rights attached a

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## 9. Drag Along

- 9.1 If any of the Continuing Members wish to sell all or part of their shareholdings, the Continuing Members shall be entitled to require the Grantee to sell all his holding of Ordinary Shares in the Company at the same time and on the same terms as the Continuing Members.
- 9.2 For the purpose of this clause, "Control" means an interest or right in the shares or the capital of the Company which entitles the holder to vote in excess of 50 per cent of the total voting rights of the Company conferred by all the shares in the Company at any time or the right to direct how such votes are cast.

Company together then having Voting Rights in excess of 50 per cent of the total voting rights of the Company, the Continuing Members shall be entitled to require the Grantee to sell all his holding of Ordinary Shares in the Company at the same time and on the same terms as the Continuing Members.

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## 10. Miscellaneous

- 10.1 Any notice or other communication may be given by post to the Grantee to his address as the Grantee's service. For this purpose, if sent by first-class post, it shall be deemed to have been put into the post provided it is prepaid.
- 10.2 The Grantee shall be responsible for the cost of sending by the Company copies of all notices and documents to the Grantee.
- 10.3 This Agreement (including any notices and documents sent by the Company) shall be governed by, and construed in accordance with, the law of England and Wales. Any dispute, controversy, claim or proceedings or claim arising therefrom or associated therewith shall fall to be determined by the courts of England and Wales.

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**IN WITNESS WHEREOF** the Parties have hereunto set their hands and seals at the place above written

Agreement the day and year first

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

SIGNED by the Grantee  
<<Name>>

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# SAMPLE