

**Marine and General Mutual Life Assurance Society**

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**MGM ADVANTAGE LONG TERM INCENTIVE PLAN 2008**

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**As adopted by the Board on 26<sup>th</sup> June 2008**

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## RULES OF THE MGM ADVANTAGE LONG TERM INCENTIVE PLAN 2008

### 1 DEFINITIONS AND INTERPRETATION

1.1 **Definitions:** The words and expressions used in this Plan which have capital letters shall have the meanings as set out below:

<b>“Accounts”</b>	the Report and Financial Statements of the Society;
<b>“Award”</b>	the right to receive a cash payment in accordance with the terms of the Plan and Award Certificate;
<b>“Award Certificate ”</b>	a certificate granting an Award issued to a Participant pursuant to Rule 2.4;
<b>“Board”</b>	the board of directors for the time being of the Society or a duly authorised committee of the board provided that if a Corporate Event occurs, the Board shall consist of the members of the Board immediately prior to such an event occurring;
<b>“Corporate Event”</b>	an event, determined at the absolute discretion of the Board, that results in a significant alteration to the ownership or structure of the Society. This may include, but not be limited to, a takeover, sale, reconstruction, de-mutualisation, or voluntary winding up of the Society;
<b>“Date of Grant”</b>	the date on which an Award is granted;
<b>“Eligible Employee”</b>	any executive director and any full time or part time employee of the Society, at the discretion of the Board;
<b>“Employment”</b>	employment as an Eligible Employee;
<b>“Group”</b>	the Society and any companies under its control from time to time;

<b>“Participant”</b>	an Eligible Employee to whom an Award has been made in accordance with the Plan or, where the context so requires, the legal personal representatives of such Eligible Employee;
<b>“Performance Period”</b>	the period (which, unless the Board determines otherwise, shall be a period of at least three financial years of the Society) set by the Board on or prior to the Date of Grant by reference to which the Board will determine whether the Performance Target has been fulfilled;
<b>“Performance Target”</b>	a condition or conditions of the Vesting of Awards, relating to performance;
<b>“Plan”</b>	the MGM Advantage Long Term Incentive Plan 2008 as set out in these rules as amended from time to time in accordance with the provisions of Rule 8.1;
<b>“Redundancy”</b>	dismissal for redundancy within the meaning of the Employment Rights Act 1996 or the Contracts of Employment and Redundancy Payments (Northern Ireland) Act 1965, or where relevant, such comparable meaning as that term may have in other jurisdictions;
<b>“Rules”</b>	the Rules of this Plan as amended from time to time;
<b>“Society”</b>	Marine and General Mutual Life Assurance Society (registered number 0000006);
<b>“Vest”</b>	the point at which a Participant becomes entitled to receive payment in relation to his Award, and <b>“Vesting”</b> and <b>“Vested”</b> shall be construed accordingly; and
<b>“Working Capital”</b>	The working capital of the Group as reported in the Accounts for any financial year, and which:

- i.) for the financial year ending December 2007 is the Group total figure for working capital shown in note 24 of the 31 December 2007 Accounts being £133,217,000;
- ii.) may be adjusted by the Board if it considers, in its absolute discretion, that such adjustment is fair and reasonable; and
- iii.) will be adjusted appropriately (as determined by the Board) for any bonus distributions made that are part of a distribution of excess surplus (as defined by the FSA Conduct of Business Rules) during the relevant years.

1.2 **Interpretation:** In these Rules:

1.2.1 reference to any statutory provisions are to those provisions as amended or re-enacted from time to time and shall include any regulations or other subordinate legislation made under them.

1.2.2 wherever the context so admits or requires, words in the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine.

## 2 AWARDS

2.1 **Period for making Awards:** Subject to any restrictions from time to time applicable (imposed, for instance, by legislation, regulation or any code adopted by the Society) and to the limitations imposed by this Plan, the Board may in its absolute discretion grant an Award to any Eligible Employee at any time prior to the tenth anniversary of the adoption of the Plan

2.2 **Form of Award:** Awards will be made in the form of a right to receive a cash payment at the end of the Performance Period, subject to the extent that any Performance Target imposed under Rule 2.3 has been satisfied.

- 2.3 **Performance Target:** The Board may, at the Date of Grant, impose one or more Performance Target(s) and such other condition or conditions on the Vesting of Awards as it may determine.
- 2.4 **Award Certificate:** All Awards shall be evidenced by a certificate issued by the Society to a Participant as soon as possible after an Award is made and which shall set out the key terms of the Award, including:
- 2.4.1 the Date of Grant;
  - 2.4.2 details of the Performance Target(s) and the applicable Performance Period or any other condition or conditions imposed under Rule 2.3;
  - 2.4.3 the cash amount payable to a Participant if the Performance Target is met in full; and
  - 2.4.4 if applicable, the basis of calculating any additional cash payment that may be paid to the individual where performance achieved is in excess of the Performance Target.
- 2.5 **Award personal to Participant:** An Award shall be personal to the individual to whom it is granted and shall not be capable of being assigned, transferred, charged or otherwise disposed of except that, on the death of a Participant, an Award may be transferred to his personal representatives.

### 3 INDIVIDUAL AND PLAN LIMITS

- 3.1 In any year, the highest cash amount payable pursuant to an Award for meeting the Performance Target(s) in full will not normally exceed 100% of a Participant's annual basic salary at the Date of Grant, and will not in any event exceed 150%.
- 3.2 The cash amount payable pursuant to an Award may exceed the limit set out in Rule 3.1 above if maximum performance is surpassed. Whilst there is no individual limit on the extent by which the threshold in Rule 3.1 may be exceeded, in considering the cash amount payable where maximum performance is surpassed, the Board will have regard to the intention that the cash payment will not normally exceed 150% of the

Participant's annual basic salary at the Date of Grant, even for substantial performance above the Performance Target .

- 3.3 No payment shall be made to a Participant under the Plan which would cause the total cash paid to all Participants to date under the Plan to exceed such number as represents ten per cent of the increase in Working Capital, which shall be calculated as the Working Capital for the financial year immediately preceding the year in which the payment is to be made, less the Working Capital for the financial year ending 31 December 2007.

#### **4 VESTING OF AWARDS**

- 4.1 As soon as reasonably practicable after the end of the Performance Period relating to an Award, the Board shall determine the extent to which any Performance Target has been met.
- 4.2 Save as provided in Rules 5 and 7, Awards shall Vest on the date on which the Grantor determines that the Performance Target has been met in accordance with Rule 4.1, but only to the extent that the Performance Target (and any other conditions) imposed under Rule 2.3 has been met.
- 4.3 In determining the level of vesting under this Rule 4, subject to Rule 3, if the Board determines, after taking into account the sector, market, and general economic conditions then prevailing, that the extent to which the Performance Target has been achieved or surpassed does not fairly reflect the Group's performance over the Performance Period, it may adjust upwards or downwards the cash amount payable pursuant to an Award as it in its absolute discretion considers appropriate.

#### **5 CESSATION OF EMPLOYMENT**

- 5.1 Subject to Rules 5.2 and 5.3, where a participant ceases to hold an office or employment with the Group prior to the normal Vesting date of the Award described in Rule 4, or is under notice of cessation of employment (whether given by the participant or by the Society), no payment shall be made in relation to the Award and his Award shall lapse on the date of cessation . Where notice of cessation of employment is withdrawn prior to the date of cessation, payment in relation to the Award will be made as soon as practicable thereafter.

5.2 Subject to Rule 5.3, if a Participant ceases to be in Employment by reason of retirement with the agreement of his employer; Redundancy; death, injury, ill health or disability; or any other reason which the Board in its absolute discretion shall determine, an Award which has not Vested shall Vest in accordance with Rule 5.2.1 or 5.2.2 below, as determined by the Board:

5.2.1 the Award shall Vest on the date of cessation, to the extent permitted by the Board, at its absolute discretion, but having regard to the period of time which has elapsed since the Date of Grant and the extent to which the Performance Target has been satisfied at the time of such cessation.

OR

5.2.2 the Award shall remain in force following the date of cessation and shall not Vest until the normal Vesting date as described in Rule 4. but pro-rated having regard to the period of time which has elapsed since the Date of Grant and the extent to which the Performance Target has been satisfied at the time of such cessation.

5.3 Notwithstanding Rule 5.2, where a participant leaves by a reason stated in Rule 5.2 the Board will retain the overriding discretion to determine the treatment of any unvested Awards on a fair and reasonable basis as it considers appropriate in the specific circumstances.

5.4 Where a Participant ceases to hold office or employment with the Group after his Award has vested but payment has not yet been paid, payment will be made in accordance with Rule 6 as soon as practical after such cessation.

## **6 PAYMENT**

6.1 **Form of payment:** The payment of any sums under this Plan will be satisfied by the payment of cash unless the Participant and the Board agree otherwise.

6.2 **Deductions from payment:** Each Participant shall allow the Society or the relevant member of the Group to withhold from any payments made pursuant to this Plan the amount of any tax or social security or similar payments required to be paid by or on behalf of the Participant.

## **7 CORPORATE EVENT**

- 7.1 On the occurrence of a Corporate Event, the Board may determine that Awards will Vest on the date of the Corporate Event. In such circumstances, the Board will also determine the extent to which Awards Vest having regard to the time which has elapsed between the Date of Grant of that Award and the date of the Corporate Event and the extent to which the Performance Target have been satisfied to that date.
- 7.2 Alternatively, Awards may (or, if the Board so determines, shall) be exchanged for new equivalent awards where appropriate. In this case the Performance Target will continue unless the Board determines otherwise.

## 8 ADMINISTRATION, AMENDMENT AND TERMINATION

- 8.1 **Amending the Plan:** The Plan shall in all respects be administered by the Board which may at any time amend or alter the Plan in any respect PROVIDED THAT no such amendment or alteration shall operate to materially adversely affect any then existing right or entitlement of a Participant under this Plan and any Award without his agreement. Prior approval of members of the Group must be sought by resolution at a general meeting for any significant amendments to the limits set out in Rule 3 or the definition of Eligible Employee, where such amendments are to the advantage of Participants.
- 8.2 **Interpretation:** The Board shall have authority to interpret and construe any provision of the Plan and such interpretation or construction shall be binding on the Participants.
- 8.3 **Termination of the Plan:** The Board may terminate the Plan at any time and in such event no further Awards will be made. However, in all other respects the provisions of this Plan shall remain in force in relation to Awards then subsisting.

## 9 LEGAL ENTITLEMENT

- 9.1 **Rights of Participants:** Nothing in the Plan or in any instrument executed pursuant to it will confer on any person any right to continue in employment.
- 9.2 **Limitation of liability in respect of the Plan:** Nothing in the Plan or in any instrument executed pursuant to it shall impose upon the Board or any other person any duty or liability whatsoever (whether in contract, tort or otherwise) in connection with:

- 9.2.1 the lapsing of any Award pursuant to the Plan;

- 9.2.2 the failure or refusal to exercise any discretion under the Plan; and/or
  - 9.2.3 any interpretation or construction or implementation of, or calculation under, the Plan or any instrument executed pursuant to it; and/or
  - 9.2.4 a Participant ceasing to be in Employment, or being under notice of employment whether given by the Participant or the Society.
- 9.3 **Pensions:** Awards shall not (except as may be required by taxation law) form part of the earnings of individuals or count as wages or remuneration for pension or other purposes.
- 9.4 **No entitlement to damages in connection with the Plan:** Any person who, subject to Rule 5, ceases to be employed or hold an office with any member of the Group as a result of the termination of his Employment for any reason and however that termination occurs, whether lawfully or otherwise, shall not be entitled and shall be deemed irrevocably to have waived any entitlement by way of:
- 9.4.1 damages for dismissal to compensate that person for the loss or alteration of any rights, benefits or expectations in relation to any Award, the Plan or any instrument executed pursuant to it; or
  - 9.4.2 compensation for loss of office or Employment to compensate that person for the loss or alteration of any rights, benefits or expectations in relation to any Award, the Plan or any instrument executed pursuant to it; or
  - 9.4.3 any sum, damages or other benefits to compensate that person for the loss or alteration of any rights, benefits or expectations in relation to any Award, the Plan or any instrument executed pursuant to it.

## 10 DATA PROTECTION

By participating in this Plan the Participant consents to the holding and processing of personal data provided by the Participant to the Society for all purposes relating to the operation of the Plan. These include, but are not limited to:

- 10.1 administering and maintaining Participant records;
- 10.2 providing information to trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan;

- 10.3 providing information to future purchasers of the Society or the business in which the Participant works; and
- 10.4 transferring information about the Participant to a country or territory outside the European Economic Area.

## **11 DISPUTES**

Any dispute arising hereunder (whether as to the value of any entitlement or the reason for a Participant ceasing to be in the Employment of the Group or a Participating Society or any other matter) shall be referred for decision to the Board which shall act as expert and not as arbitrator. Any decision of the Board made pursuant to this paragraph shall be final and binding on all concerned. However, nothing in this paragraph shall be taken to be an attempt to oust the jurisdiction of the courts in respect of any claim for breach of contract including on any matter on which the Board acts as expert.

## **12 GOVERNING LAW**

The Plan and all Awards made under it shall be governed by and construed in accordance with English law and shall be subject to the exclusive jurisdiction of the English Courts.