

salient features of the forfeitable share plan

Introduction

In line with global best practice and emerging South African practice, the company intends to adopt a new forfeitable share incentive plan (the plan). The plan is in line with practice in FTSE 100 and FTSE 250 companies in the UK and with several recently adopted schemes for large JSE listed and dual listed companies.

The plan will include participation by executive directors and employees of the group. The purpose of the plan is to recognise contributions made by directors and employees to the company and to provide an incentive for their continuing relationship with the group.

Apart from the initial award, all awards made under the plan shall vest three years from the award date, subject to the participant continuing to be employed by the group and performance conditions being met. The initial award will have a vesting period just less than two years. The performance conditions to be met before the shares under the initial award will vest will be determined with effect from 31 May 2008. It is anticipated that future awards will be made on 1 September of each year. In the event that the participant is not in the employ of the group, or the performance conditions are not met, then the shares allocated to the participant will be forfeited and will be sold on the open market by the escrow agent. The proceeds will be returned to the participating employer.

As it is the intention to purchase shares in the market to settle the awards made under the plan, the plan will not have the same dilutionary effect as conventional share option schemes. The company does have the right to issue new shares at its election, should it not be advisable or feasible to purchase the shares in the market at any given point in time. The number of shares which will be allocated under the plan will not exceed 10% (ten percent) of the issued ordinary shares over the life of the plan, which at date of approval equates to 76 636 085 shares. It is the intention that the annual allotment of shares under the plan will not exceed one percent of the issued ordinary shares, which at date of approval of the plan equates to 7 663 608 shares.

In order to achieve an alignment of the interests of management and shareholders, performance conditions in the form of continuing employment and financial hurdle rate achievements will need to be met before the shares vest.

Glossary of terms

Allocated	For purposes of setting the scheme limits, one share allocated per any one forfeitable award made
Award date	The date on which a forfeitable award is made to an employee as specified in the award certificate, irrespective of the date on which the forfeitable award is actually accepted
Award certificate	The document prepared by the board which details the name of the employee to whom the forfeitable award is made, the number of forfeitable shares comprising the forfeitable award, the performance condition applicable to the award, the release date and any relevant terms and conditions pertaining thereto
Employee	A person eligible for participation in the plan, namely an officer or employee, including any director holding salaried employment or office, of any employer company in the group, as determined from time to time by the board in its absolute discretion but excluding any non-executive directors
Financial year	The financial year of the company which currently runs from 1 June to 31 May each year
Forfeitable award	An award of a specified number of forfeitable shares to the participant on terms that he shall forfeit them if he ceases to be an employee of an employer company before the release date, unless otherwise specified in the rules, or determined by the board in its absolute discretion
Forfeitable shares	The shares comprised in the forfeitable award and registered in the name of the participant, subject to the rules
Participant	An employee to whom a forfeitable award has been made and who has accepted such forfeitable award and includes the executor of his deceased estate, where applicable
Performance condition	The condition specified in the award certificate, to which a forfeitable award is subject, which performance condition is determined by the board
Performance period	The period in respect of which a performance condition is to be satisfied as specified in the award certificate
Release date	The date on which a participant becomes entitled to the forfeitable shares free of any restrictions, as set out in the award certificate, and "vest" and "vested" shall be construed accordingly
Rules	The rules of the plan
Settlement	Delivery of the required number of forfeitable shares to which a participant is entitled pursuant to the making of the forfeitable award
Settlement date	The date on which settlement shall occur



salient features of the forfeitable share plan (continued)

Salient features of the plan

The plan

A forfeitable award will be made to executives and employees on an annual basis, this is an award of a specified number of forfeitable shares to the participant on condition that he will forfeit the forfeitable shares if he ceases to be an employee of an employer company before the release date or if the specified performance condition has not been met, unless otherwise specified by the rules or determined by the board. In the event that the participant is not in the employ of the group, or the performance conditions are not met, then the shares allocated to the participant will be forfeited and will be sold on the open market by the escrow agent. The proceeds will be returned to the participating employer.

Following the making of the forfeitable award, the relevant employer company shall, within 100 (one hundred) days of the award date procure the settlement of that number of forfeitable shares to the participant (without deducting any costs or income tax at that stage) as were allocated. The forfeitable shares shall either be acquired by the escrow agent on the open market, with funds provided by the participating employer; alternatively the company may issue shares to settle the award, if it is not feasible or advisable to acquire same on the market. These shares shall be issued at market value. The participant shall not be required to pay for the forfeitable shares allocated to him at any stage over the life of the plan.

The forfeitable award will be subject to the restriction that the forfeitable shares to which such forfeitable award relate may not be disposed of, ceded, transferred or otherwise encumbered at any time before the release date and shall be held in escrow by an escrow agent.

Prior to the release date the participants shall not be entitled to exercise any voting rights in respect of the forfeitable shares. On the release date the participant shall have all shareholder rights in respect of the shares, and the right to receive accumulated dividend payments.

Eligibility

Directors (excluding non-executive directors) and employees of the group are eligible to participate in the plan. The employer companies will recommend participation in the plan to the board, which shall exercise its discretion in determining the suitability of the employee for participation.

Performance conditions

The release of forfeitable awards will be subject to the achievement of a specified performance condition. The performance condition will be stated in the award certificate, and will be set by the board on an annual basis. The performance condition for the first award (which will be measured over a two-year period) is:

- 30% Of this award will vest when the company core HEPS at the end of the performance period exceeds the core HEPS per ordinary share as at the beginning of the performance period by the percentage change in the CPI index over the performance period, plus 20 (thirty) % (threshold performance criteria);
- 100% Of this award will vest when the core HEPS at the end of the performance period exceeds the core HEPS per ordinary share as at the beginning of the performance period by the percentage change in the CPI index over the performance period, plus 30 (forty five) % (target performance criteria);
- Performance below the threshold performance criteria will result in the forfeitable award not vesting, unless otherwise determined by the board;
- Linear vesting of the forfeitable award will occur between threshold performance and target performance stated above.

The board may, in its discretion, allow retesting of the performance condition on the first and second anniversary of the end of the performance period.



Limits

Overall company limit

The aggregate number of shares which may be allocated under the plan shall not exceed 10 % (ten percent) of the number of issued ordinary shares over the life of the plan, which currently equates to 76 636 089 shares. The limit referred to shall exclude shares allocated to participants under the plan which have been forfeited but will include the actual number of new shares as may be issued by the company in settlement of the plan.

Individual limit

The maximum number of shares allocated to any one participant in respect of all unvested awards granted in terms of the plan shall not exceed 2% (two percent) of the issued ordinary share capital of the company over the life of the plan, which currently equates to 15 327 218 shares.

Cessation of employment and death

Resignation or dismissal

If a participant's employment with an employer company terminates by reason of his resignation or dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct (whether such cessation occurs as a result of notice given by him or otherwise or where he resigns to avoid dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct) before the release date, all his forfeitable awards will be forfeited, except to the extent that the board shall otherwise determine in its discretion.

Retirement

If a participant's employment with any employer company terminates before the release date by reason of retirement, then the participant shall be entitled to the same rights and be subject to the same conditions as if he had continued to be an employee, unless the board determines otherwise.

Retrenchment, death, ill health, disability or other reasons for cessation of employment

If a participant ceases to be an employee of an employer company by reason of retrenchment, death, ill health, disability or other reasons for cessation of employment other than resignation or dismissal or retirement, then the release date in respect of a pro rata portion of his forfeitable shares shall be advanced to a date as soon as practical after the date of termination of employment. The pro rata portion of the shares released, unless the board determines otherwise, shall reflect the number of months served since the award date and the extent to which the performance condition has been satisfied. The balance of the shares not released as aforesaid will lapse.

Change of control and delisting

In the event that before the release date, an offer is made which might result in a change in control of the company, the release date in respect of the forfeitable shares may, at the discretion of the company, be advanced to a date determined by the board.

In the event of an employer company (other than the company), ceasing to be a subsidiary of the company, the board may take such action as it considers appropriate relating to the forfeiture or accelerated vesting of the forfeitable awards previously made to the employees of that employer company.

Variation in share capital

In the event of a rights issue, capitalisation issue, capital distribution, subdivision of shares, consolidation of shares, the company being put into liquidation for the purpose of reorganisation or any other event affecting the share capital of the company or in the event of the company making distributions to shareholders, including a distribution in specie or a payment in terms of section 90 of the Companies Act 61 of 1973 (other than a dividend paid in the ordinary course of business out of the current year's retained earnings), participants shall continue to participate in the plan. The board may, however, vary the number of forfeitable shares to take account of any variation in the share capital of the company to ensure that the participant is not disadvantaged.

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The board shall notify the participants of any adjustments which are made under this paragraph. Where necessary, in respect of any such adjustments, the company's auditors, acting as experts and not as arbitrators and whose decision shall be final and binding on all persons affected thereby, will determine whether the participants have been disadvantaged by the adjustments.

Shares to rank pari passu

On the release date the participant shall have all shareholder rights in respect of the shares and the shares shall rank pari passu with the existing shares in the issued ordinary share capital of the company.

Amendments to the plan

Amendments to the provisions of the plan relating to:

- Eligibility to participate in the plan;
- The basis for determining forfeitable awards;
- The adjustment of forfeitable awards and price in the event of a variation of capital of the company;
- The limitations on benefits or maximum entitlements;
- The voting, dividends, transfer and other rights, including those arising on a liquidation of the company, attaching to the shares;

Are subject to approval by the JSE and an ordinary resolution of the shareholders in general/annual general meeting.

