

Telenet Group Holding

NAAMLOZE VENNOOTSCHAP / LIMITED LIABILITY COMPANY

Liersesteenweg 4
2800 Mechelen
VAT BE 0477.702.333 RLP Mechelen

Special Report of the board of directors in accordance with
Articles 583 and 596 of the Belgian Company Code

March 24, 2010

1. Introduction

This special report has been prepared by the board of directors of the public limited liability company “Telenet Group Holding” (the “Company”):

- on the one hand, in accordance with Article 583 of the Belgian Company Code in connection with the proposal to issue two million eight hundred thousand (2,800,000) warrants, referred to as the “Stock Options 2010”, within the framework of a general stock option plan for the employees of the Telenet group; and
- on the other hand, in accordance with Article 596 of the Belgian Company Code, in connection with the proposal to cancel the preferential subscription rights of the existing shareholders in order to be able to offer the Stock Options 2010 to the selected employees of the Telenet group.

The aforementioned proposal will be submitted to an extraordinary general shareholders’ meeting to be held before notary public.

In this report, the board of directors provides further background with respect to the proposed issuance of the Stock Options 2010 in accordance with Article 583 of the Belgian Company Code and the proposed cancellation of the preferential subscription rights of the existing shareholders in accordance with Article 596 of the Belgian Company Code. In this respect, reference is also made to the report of the statutory auditor of the Company in accordance with Article 596 of the Belgian Company Code.

2. Description of the transaction

The board of directors proposes to issue two million eight hundred thousand (2,800,000) Stock Options 2010 within the framework of a general stock option plan for the employees of the Telenet group, on the basis of which the Company may grant stock options to selected employees of the Company and its subsidiaries over a three (3) years period following the issuance of the Stock Options 2010. No Stock Options 2010 will be granted to directors of the Company.

In order to be able to grant the Stock Options 2010 to the selected employees, the board of directors proposes to cancel the preferential subscription rights of the existing shareholders. Upon the issuance of the Stock Options 2010, the Company will temporarily subscribe to the Stock Options, in order to be able to grant them subsequently to the aforementioned beneficiaries over the aforementioned three (3) years period. The Company is in no circumstances able to exercise the Stock Options 2010 itself.

The company will not grant any further Stock Options 2010 to beneficiaries of the General Stock Option Plan 2010 once it has been notified by the CBFA of the launch of a public takeover bid by third parties on the existing securities of the Company.

The terms and conditions of the Stock Options 2010 are attached to this report as Annex A. For information purposes only, the main terms of the Stock Options 2010 can be summarized as follows:

- *Stock Option Plan.* The Stock Options 2010 are issued in the framework of a general stock option plan for employees of the Company and its subsidiaries (the "General Stock Option Plan 2010"). The Human Resources and Organisation Committee of the Company ("HRO Committee") shall administer the General Stock Option Plan 2010.
- *Stock Options with respect to shares of the Company.* Each Stock Option 2010 will entitle the holder thereof to subscribe to one (1) new ordinary share of the Company.
- *Shares.* The shares to be issued by the Company upon exercise of the Stock Options 2010 shall be ordinary shares of the Company (other than the Golden Shares and Liquidation Dispreference Shares of the Company (as defined in the Company's articles of association)), and shall have the same rights and benefits (including as to dividend rights) as the ordinary shares of the Company that are outstanding immediately preceding the exercise of the Stock Options 2010 concerned. The shares to be issued by the Company upon exercise of the Stock Options 2010 shall benefit from the reduced withholding tax rate of 15%, i.e. the so-called "VVPR" status, with respect to the dividends, if any, that the Company may declare in its absolute discretion. Where applicable, such VVPR-right can be represented by a separate instrument.
- *Stock Option Agreement.* The grant of the Stock Options 2010 will be reflected in a stock option agreement (the "Stock Option Agreement"). The Stock Option Agreement shall (amongst others) state the date of grant of the Stock Options 2010, the number of Stock Options 2010 granted, the rules relating to the vesting of the Stock Options 2010, the issuance price (if any), the term of the Stock Options 2010, the exercise price of the Stock Options 2010 and any other relevant fact and/or condition.
- *Issuance Price of the Stock Options 2010.* The Stock Options 2010 will be offered free of charge, unless the Stock Option Agreement determines otherwise.

- **Exercise Price of the Stock Options 2010.** The board of directors of the Company shall determine the exercise price of the Stock Options 2010 when the Stock Options 2010 are granted.

The exercise price of a Stock Option 2010 will be equal to the lower of (x) the average of the closing prices of the Company's shares as traded on Euronext Brussels during the thirty (30) day period preceding the date of grant, and (y) the closing price of the Company's shares as traded on Euronext Brussels on the day preceding the date of grant.

Upon exercise of a Stock Option 2010 and issue of a share in accordance with the terms and conditions of the General Stock Option Plan 2010, the exercise price of the Stock Option 2010 will be allocated to the share capital of the Company. However, to the extent that the amount of the exercise price of the Stock Option 2010 exceeds the fraction value (*fractiewaarde*) of the shares of the Company immediately preceding the exercise of the Stock Option 2010 concerned, a part of the exercise price equal to such fraction value shall be booked as share capital, whereby the balance, if any, shall be booked as issue premium. The issue premium, if any, shall serve as guarantee for third parties in the same manner as the Company's share capital and shall be booked on an unavailable account that can only be decreased or booked away pursuant to a resolution of a general shareholders' meeting passed in the manner required for an amendment to the Company's articles of association.

- **Term.** Unless the Stock Option Agreement determines a shorter term, a Stock Option 2010 shall have a term of ten (10) years as of the date of issuance by the general shareholders' meeting. As a general rule, the board of directors currently envisages to determine in the Stock Option Agreements that the term of the Stock Options 2010 will be restricted to five (5) years as of the date of the grant of the Stock Options 2010 to a respective beneficiary of the Stock Option 2010 grant.
- **Exercise period.** Stock Options 2010 that have vested can only be exercised during the following periods: (i) as of February 22 until April 10, (ii) as of May 10 until July 10, (iii) as of August 10 until October 10, and (iv) as of November 10 until December 15. The board of directors of the Company may in its absolute discretion, provide for additional exercise periods. The board of directors of the Company may also amend the aforementioned exercise periods if such periods were to coincide with applicable restricted or other periods during which the exercise of Stock Options would be restricted or not permitted pursuant to a dealing code or other restrictions imposed by the Company's board of directors or any other applicable rules or regulations.
- **Vesting.** Unless stipulated otherwise in the Stock Option Agreement, the Stock Options 2010 granted to a respective beneficiary shall vest in sixteen equal instalments, whereby per quarter after the date of grant, a portion equal to one sixteenth of the aggregate number of

Stock Options 2010 granted to the selected participant in the grant concerned vests on the first day of the quarter concerned.

All Stock Options 2010 will, however, immediately and automatically vest upon a change of control over the Company.

For a detailed description of the terms and conditions of the Stock Options, reference is made to Annex A of this report.

3. Objective of the proposed transaction

As explained above, the Stock Options 2010 may, over a period of three (3) years following the issuance of the Stock Options 2010 by the extraordinary general shareholders meeting of the Company, be offered to certain employees of the Telenet group in the framework of a general stock option plan.

The aim of the General Stock Option Plan 2010 and the reason to create the plan are to realize certain corporate and human resources goals, such as:

- to encourage and motivate the selected participants;
- to enable the Company and its subsidiaries to attract new employees and keep existing employees with the requested experience and skills;
- to align the interest of the selected participant closer to those of the shareholders of the Company by giving them the opportunity to share in the potential increase of the value of the Company.

The board of directors believes that pursuing the above goals is in the interest of the Company. In addition,

- the grant of stock options can be considered as a tax efficient incentive for such persons;
- the grant of stock options would enable the Company to benefit from new means within the Company at the moment of the exercise of the stock options;
- stock options allow the Company to offer to the beneficiary of the stock options a (potential) participation in the share capital of the Company, which can be seen as an incentive for such participants to value and increase their loyalty and engagement.

4. Objective of the proposed cancellation of the preferential subscription right

In order to be able to offer the Stock Options 2010 to the selected participants under the General Stock Option Plan 2010, the board of directors proposes to cancel the preferential subscription rights of the existing shareholders. The Stock Options 2010 will be granted to employees of the Company and its subsidiaries.

5. The proposed exercise price of the Stock Options 2010

As described above, when a Stock Option 2010 is granted to a selected participant, the exercise price will be determined on the basis of the closing price or an average of the closing prices of the Company's shares as traded on Euronext Brussels prior to the date of grant.

Whether or not the respective Stock Options 2010 will be exercised (in those circumstances provided for in the General Stock Option Plan 2010) will depend on the individual decision of each of the participants concerned to whom the Stock Options 2010 will be granted. It can be expected that a Stock Option 2010 will only be exercised if and to the extent the stock exchange price of the Company's shares at the time of exercise is higher than the exercise price of the Stock Option 2010. This would enable the participant to realize a capital gain on the share (not taking into account possible tax or other related costs) upon a subsequent sale of the share.

By determining the proposed exercise price in function of the price of the shares of the Company, as described above, a participant would in principle not be granted a discount to the applicable stock price of the Company's shares at the time of grant. Furthermore, a participant shall only be able to realize a capital gain if and to the extent the stock exchange price at the time the participant sells the shares that he/she acquired upon the exercise of the Stock Options 2010 is higher than the exercise price and to the extent the participant is able to exercise the Stock Options 2010 according to the terms and conditions of the General Stock Option Plan 2010. This is in line with the human resource and incentive objectives of the Company as described above. Accordingly, the board of directors believes that the exercise price of the Stock Options 2010, as described above is justified.

6. Financial consequences of the proposed transaction for the shareholders

Below, the Board of Directors elaborates on the financial consequences of the proposed transaction.

a) With respect to the evolution of the share capital and the number of shares

On the date of this special report, the share capital of the Company amounts to €1,042,679,749.09, represented by 111,814,054 shares without nominal value, each representing one 111,814,054th of the share capital of the Company. The fraction value of the shares currently amounts to rounded €9.33 per share.

The exercise of the Stock Options 2010 during their term will lead to an increase of the share capital of the Company through the issuance of new shares of the Company, as indicated above.

The exact evolution of the Company's share capital as a consequence of the exercise of Stock Options 2010 cannot be predicted since it will depend on (i) the exercise price of the Stock Options 2010, (ii) whether or not the Stock Options 2010 will be exercised and (iii) the fractional value of the shares of the Company outstanding immediately before the exercise of the Stock Options 2010.

The exercise price of the Stock Options 2010 will be determined at the moment of grant, in accordance with the terms and conditions of the Stock Options

2010 (as indicated above in section 2). Hence, the exercise price cannot yet be determined at the date of this report. Furthermore, whether the Stock Options 2010 will be exercised or not, will depend upon (amongst others) the compliance with the terms and conditions of the Stock Options 2010 and the decision of the individual holders of the Stock Options 2010. The exercise of the Stock Options 2010 is neither automatic nor compulsory. The exercise will also depend on the price of the shares of the Company as listed on Euronext Brussels on the date of exercise of the Stock Option 2010, as it can be expected that a Stock Option 2010 will only be exercised if and to the extent the stock exchange price of the Company's shares at the time of exercise is higher than the exercise price of the Stock Option 2010 concerned. As a result, there is no certainty whether the Stock Options 2010 will be exercised or not.

Although the exact evolution of the Company's share capital cannot yet be determined at the date of this report for the reasons set forth above, a simulation of the possible evolution on the basis of a numeric example has nevertheless been included under point 8 below.

b) *Evolution of certain rights attached to the shares*

Currently, all shares entitle the holders thereof to one vote and all shares have equal rights to participate in possible profits of the Company. Furthermore, all shares have equal preferential subscription rights for capital increases through contributions in cash (if such preferential subscription rights are not cancelled or limited) and equal rights to participate in the liquidation proceeds in the event of the liquidation of the Company (this does not apply to the Liquidation Dispreference Shares, as defined in the articles of association of the Company). To the extent new shares are issued upon exercise of the Stock Options 2010, these shares will have the same voting rights, dividend rights, preferential subscription rights and liquidation rights as the existing ordinary shares. Consequently, the relative value of each of the voting rights, dividend rights, preferential subscription rights and liquidation rights of the existing shares shall dilute. In this respect, further reference is made to the example under point 8 below.

c) *Evolution of the participation in the accounting net equity*

As appears from the consolidated annual statements of the Company as per December 31, 2009, the consolidated accounting net equity of the Company on December 31, 2009 amounted to €360,055,881 (IFRS) or (rounded) €3.22 per share (based on the 111,716,666 shares then outstanding). According to the statutory annual accounts, the statutory accounting net equity of the Company on December 31, 2009 amounted to €988,596,123.10 (BE GAAP) or (rounded) €8.85 per share (based on 111,716,666 shares then outstanding).

If all Stock Options 2010 would be exercisable, and would indeed be exercised, then the accounting net equity of the Company will increase with the sum of all exercise prices of the Stock Options 2010.

If the exercise price of a Stock Options 2010 is higher than the participation of the existing shares in the statutory, respectively consolidated, net equity of the Company at the time of exercise of a Stock Options 2010, the issuance of a share upon exercise of a Stock Option 2010 would, from an accounting point of view, entail a dilution to the benefit of the existing shares. Conversely, if the exercise price of a Stock Option 2010 is lower than the participation of the existing shares in the statutory, respectively consolidated, net equity of the Company at the time of

exercise, the issuance of a share upon exercise of a Stock Option 2010 would, from an accounting point of view, entail a dilution to the benefit of the new shares.

In any event, from an investor's perspective, it can be expected that a Stock Option 2010 will only be exercised if and to the extent the stock exchange price of the Company's shares at the time of exercise is higher than the respective exercise price of the Stock Option 2010. This would entail a financial dilution of the other shareholders at the time of exercise of a Stock Options 2010.

7. Simulation

For illustrative purposes, a numeric example of the possible financial consequences of the issue and exercise of the Stock Options 2010 has been included below. This simulation is based on three hypothetical exercise prices of the Stock Options 2010, i.e. €22, €24 and €25. These exercise prices are not an indication of, and do not express an expectation of, the final exercise price of the Stock Options 2010 (which will be determined in accordance with the terms and conditions of the stock options concerned as indicated in section 2 above).

The simulation is also based on the following elements and assumptions:

- (1) The simulation is based on the assumption that all Stock Options 2010 have vested, are immediately exercisable (regardless of the relevant terms and conditions of the Stock Options 2010) and are indeed exercised.
- (2) The simulation of the evolution of the share capital has been calculated on the basis of the share capital and number of issued and outstanding shares at the date of the present report, i.e. €1,042,679,749.09 and 111,814,054 outstanding shares. The simulation of the evolution of the share capital does not take into account the evolution of the share capital upon issue of other shares still to be issued as further described in paragraphs (3)(b) to (3)(d) below.
- (3) The simulation of the dilution is based on a total of 115,451,786 outstanding shares on a fully-diluted basis prior to the exercise of the Stock Options 2010. This is based on the following:
 - a) On the date of this report, the Company has 111,814,054 issued and outstanding shares.
 - b) The Company has approved two option plans pursuant to which the board of directors granted "Class A Options" to senior management and "Class B Options" to management. Each Class A Option entitles the holder thereof, subject to certain conditions to subscribe to one Class A Profit Certificate against payment of €4.92. Each Class B Option entitles the holder thereof, subject to certain conditions, to one Class B Profit Certificate against payment of €6.16. Each Class A Profit Certificate and Class B Profit Certificate can be converted into one share of the Company. On the date of this report, there are 270,303 outstanding Class A Options, 48,300 outstanding Class B Options and 92,575 outstanding Class B Profit Certificates. Prior to the issue of the Stock

Options 2010, however, no Class A Profit Certificates nor Class B Profit Certificates will be outstanding.

If all 270,303 Class A and all 48,300 Class B Options are exercised and if all Class A and Class B Profit Certificates (which will be issued upon the exercise of the 270,303 Class A Options and the 48,300 Class B Options) are subsequently converted into shares, 318,603 additional shares will need to be created.

The simulation is based on the assumption that all options have been exercised into profit certificates and that the profit certificates have been converted into shares.

- c) On December 27, 2007, the Company's shareholders' meeting approved the issue of three million three hundred thousand (3,300,000) stock options in the framework of a stock option plan ("ESOP 2007"). As a result of the general shareholders' meeting of May 29, 2008 317,000 new stock options ("ESOP 2008") were issued and 317,000 stock options of the ESOP 2007 were cancelled. As a result of the general shareholders' meeting of May 28, 2009, 180,000 new stock options ("ESOP 2009") were issued and 180,000 stock options of the ESOP 2007 were cancelled. After the effective payments related to the capital decrease on September 1, 2009, the number of stock options was adjusted in accordance with the shareholders' decision relating to such capital decrease, so that the total number of stock options under the ESOP 2007, ESOP 2008, ESOP 2009 amounts to 3,226,554 (also taking into account already lapsed stock options following the termination of services of the employees - option holders). For the purpose of the simulation below, an aggregate amount of 3,226,554 stock options (under the ESOP 2007, the ESOP 2008 and the ESOP 2009) is therefore assumed, whereby the already lapsed stock options following the termination of services of the employees - option holders have been taken into account.
- d) The Company's general shareholders' meeting of May 29, 2008 approved the issue of new shares for an aggregate subscription amount of € 23.5 million in the framework of a new stock purchase plan for the employees of the Company and its subsidiaries. The issue of this capital increase has until now not occurred. For purposes of the simulation below, this issue was therefore not taken into account. In this respect, reference is made to the report established by the board of directors of the Company pursuant to Article 596 of the Belgian Company Code in the framework of this new stock purchase plan.
- e) In the simulation, the proposed capital decrease upon which the Company's extraordinary general shareholders' meeting of April 28, 2010 will have to decide is not taken into account. If this capital decrease is approved, it will have an

impact on the number and the exercise price of the Class A Options, the Class B Options, the Stock Options 2007, the Stock Options 2008, the Stock Options 2009, the Stock Options 2010 and on the number of Class A Profit Certificates and Class B Profit Certificates and on the number of common share that may possibly be issued upon the conversion of the Class A Profit Certificates and Class B Profit Certificates (by means of unification of titles) into common shares of the Company.


Based on the foregoing, the evolution of the share capital and the number of shares as a result of the issuance of the new shares can be illustrated as follows:

Exercise price of a Stock Option:	22,00	24,00	25,00
Number of Stock Options:	2.800,000	2.800,000	2.800,000
Evolution of the share capital:			
Current share capital and number of issued outstanding shares			
Share capital (in euro)	1,042,679,749.09	1,042,679,749.09	1,042,679,749.09
Number of shares	111,814,054	111,814,054	111,814,054
Fraction value per share (in euro)	9.33	9.33	9.33
Exercise of the Stock Options			
Number of new shares	2,800,000	2,800,000	2,800,000
Capital increase (in euro)	26,110,280.00	26,110,280.00	26,110,280.00
Issue premium (in euro)	35,489,720.00	41,089,720.00	43,889,720.00
Capital increase and issuance premium (in euro)	61,600,000.00	67,200,000.00	70,000,000.00
Fraction value per share (in euro)	9.33	9.33	9.33
After the exercise of the Stock Options			
Share capital (in euro)	1,068,790,029.09	1,068,790,029.09	1,068,790,029.09
Number of shares	114,614,054	114,614,054	114,614,054
Fraction value per share (in euro)	9.33	9.33	9.33
Dilution:			
Number of outstanding shares			
Issued outstanding shares	111,814,054	111,814,054	111,814,054
Number of shares issuable in the framework of Class A and Class B Options, ESOP 2007, ESOP 2008 and ESOP 2009	3,637,732	3,637,732	3,637,732
Total	115,451,786	115,451,786	115,451,786
Dilution as a result of Stock Options			
On the basis of currently issued and outstanding shares (before dilution)			
Number of outstanding shares (other than shares issuable upon exercise of the Stock Options)	111,814,054	111,814,054	111,814,054
Shares issuable upon exercise of the Stock Options 2010	2,800,000	2,800,000	2,800,000
Total	114,614,054	114,614,054	114,614,054
Dilution	2.44%	2.44%	2.44%
On a fully diluted basis			
Number of outstanding shares (other than shares issuable upon exercise of the Stock Options 2010)	115,451,786	115,451,786	115,451,786
Shares issuable upon exercise of the Stock Options 2010	2,800,000	2,800,000	2,800,000
Total	118,251,786	118,251,786	118,251,786
Dilution	2.37%	2.37%	2.37%

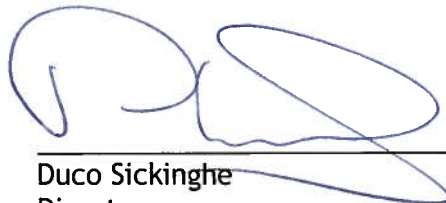
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Done at Mechelen, on March 24, 2010,

On behalf of the board of directors,

By: 

Frank Donck
Director

By: 

Duco Sickinghe
Director

ANNEX A

GENERAL STOCK OPTION PLAN 2010

TELENET GROUP HOLDING NV

GENERAL STOCK OPTION PLAN 2010

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TELENET GROUP HOLDING NV
GENERAL STOCK OPTION PLAN 2010

The present plan contains the issue and exercise conditions of the “General Stock Options 2010” of the Company, issued on April 28, 2010.

1. DEFINITIONS AND CONSTRUCTION

1.1. Defined terms

The following terms and expressions that are not defined elsewhere in these conditions shall have the following meaning herein, save where the context requires otherwise:

- Adoption Date:*** means April 28, 2010, the date on which the Stock Options have been issued by shareholders’ meeting of the Company.
- Beneficiary:*** means the person or persons validly designated by the Selected Participant, being either his/her spouse, legal heirs or other family members, in order to exercise the rights of the Selected Participant under the Plan and the Stock Option Agreement after the death of the Selected Participant.
- Board of Directors:*** means the board of directors (*raad van bestuur / conseil d’administration*) of the Company.
- Business Day:*** means a day on which banks are open for business in Belgium, excluding however Saturdays and Sundays.
- Company:*** means Telenet Group Holding NV, a company organized and existing under Belgian law, registered with the register of legal persons under number 0477.702.333.
- Date of Grant:*** means the date on which a Stock Option is granted to a Selected Participant by the Board of Directors in accordance with the Plan.
- Date of Termination of the employment agreement:*** means, when used with respect to a Selected Participant, the effective date of termination of the employment agreement of the Selected Participant.
- Employee:*** means an individual having an employment agreement with the Company or a Subsidiary;
- Exercise Period:*** means the periods during which the Selected Participant can exercise the Stock Options granted to him/her, provided and to the extent that the Stock Options are exercisable in accordance with the conditions set forth in the Plan, in the Stock Option Agreement and any other arrangement that may exist between the Selected Participant and the Company.

- Exercise Price:** means the price at which each share subject to a Stock Option may be acquired/subscribed to upon the exercise of the Stock Option.
- HRO Committee:** means the Human Resources and Organization committee, or such other committee as appointed by the Board of Directors, that has been established by the Board of Directors and that renders advice regarding or, as the case may be, determines the conditions under which certain Employees can be granted Stock Options pursuant to the Plan.
- Plan:** The present General Stock Option Plan 2010.
- Selected Participant:** means an Employee, selected by the Board of Directors or the HRO Committee, to whom Stock Options have been granted pursuant to the Plan.
- Stock Option:** means the right to subscribe to a new share to be issued by the Company in accordance with the terms and conditions set forth in the Plan and the applicable Stock Option Agreement, such right constituting a warrant (*warrant / droit de souscription*) issued by the Company.
- Stock Option Agreement:** means the agreement between a Selected Participant and the Company with respect to the Stock Option(s), which may impose specific conditions or may contain additional provisions with respect to the Stock Options granted to such Selected Participant, taking into account that these conditions and provisions may not be incompatible with the provisions of the Plan.
- Stock Option Price:** means the price, if any, which the Selected Participant owes to the Company for the acquisition of the Stock Option itself.
- Subsidiary:** means a subsidiary of the Company from time to time.
- Vested Stock Option:** means a Stock Option that has become definitively acquired by the Selected Participant in accordance with the conditions set forth in the Plan and the applicable Stock Option Agreement, without prejudice to the possibility that the Stock Option can lapse and become null and void in cases where it is not exercised or can no longer be exercised pursuant to certain conditions set forth in the Plan and the relevant Stock Option Agreement.

In addition, the following terms will have the following meaning in the Plan:

- (a) “**affiliate**” means, when used with respect to a person, any other person affiliated with such person within the meaning of Article 11 of the Belgian Company Code (*verbonden vennootschap / société liée* or *verbonden persoon / personne liée*);
- (b) “**articles of association**” means the articles of association (*statuten / statuts*) of the Company, as in force from time to time;
- (c) “**control**” has the meaning as determined in Article 5 and following of the Belgian Company Code;

- (d) “*person*” means, depending on the context, any individual or natural person, any legal entity with separate legal personality, partnership, joint venture, corporation, association, limited liability company, trust, unincorporated organization, or any governmental entity (or any department, agency or political subdivision thereof);
- (e) “*share*” means a share issued by the Company, representing the Company’s share capital;
- (f) “*subsidiary*” means, when used with respect to a person, a subsidiary of such person (*dochtervennootschap / filiale*) as defined in Article 6 of the Belgian Company Code.

1.2. Construction

- (a) Article and paragraph headings are inserted for ease of reference only and shall not affect the construction of the Plan.
- (b) Save where specifically required or indicated otherwise, words importing one gender shall be treated as importing any gender, words importing individuals shall be treated as importing corporations and vice versa, words importing the singular shall be treated as importing the plural and vice versa, and words importing the whole shall be treated as including a reference to any part thereof.
- (c) The Plan has been drafted in an English and a Dutch version. In case of discrepancies between the English and Dutch version, only the Dutch version shall be authentic and prevail. Notwithstanding the foregoing, Belgian legal concepts which are expressed in English language terms, are to be interpreted in accordance with the Belgian legal terms to which they refer, and the use herein of Dutch and/or French words in the Plan as translation for certain words or concepts shall be conclusive in the determination of the relevant legal concept under Belgian law of the words or concepts that are so translated herein.

1.3. Meaning of references

- (a) Any reference to “*writing*” or “*written*” includes any method of reproducing words or text in a legible and non-transitory form.
- (b) Unless expressly indicated otherwise in the Plan or the applicable Stock Option Agreement, or except when applicable law provides otherwise, any period or instance of time referred to herein shall be calculated or determined as follows:
 - (i) Any reference to an hour of day shall be a reference to Belgian time (GMT+1, CET).
 - (ii) Any reference to a day shall be a reference to a calendar day.
 - (iii) Any term shall start on the subsequent day after the day on which the event triggering such period of time has occurred. The expiry day of a term shall be included in the term. If such expiry day is not a Business Day, than the term shall be extended to the first next Business Day following such day.
 - (iv) A “*quarter*” means a three month-period, either starting on January 1 and ending on March 31, or starting on April 1 and ending on June 30, or starting on July 1 and ending September 30, or starting on October 1 and ending on December 31.

2. PURPOSE OF THE PLAN

The Plan describes the general conditions of the Stock Options that the Company may grant to certain Employees.

The aim of the Plan is to realize the following corporate and human resources goals:

- (a) to encourage and motivate Selected Participants;
- (b) to enable the Company and its Subsidiaries to attract new Employees and retain existing Employees with the required experience and skills; and
- (c) to align the interests of the Selected Participants closer to the interests of the shareholders of the Company by giving them the opportunity to share in the potential increase of the value of the Company.

3. NUMBER, NATURE AND FORM OF THE STOCK OPTIONS

3.1. Number of Stock Options

The aggregate number of Stock Options created pursuant to the present Plan amounts to two million eight hundred thousand (2,800,000).

3.2. Shares to be issued upon exercise of the Stock Options

- (a) Each Stock Option shall entitle the holder thereof to subscribe to one new share to be issued by the Company.
- (b) The shares to be issued by the Company upon exercise of the Stock Options shall be ordinary shares of the Company (other than the Golden Shares and Liquidation Dispreference Shares of the Company (as defined in the Company's articles of association)), and shall have the same rights and benefits (including as to dividend rights) as the ordinary shares of the Company that are outstanding immediately preceding the issuance of the new shares as a consequence of the exercise of the Stock Options concerned.
- (c) The shares to be issued by the Company upon exercise of the Stock Options shall benefit from the reduced withholding tax rate of 15%, *i.e.* the so-called "VVPR" status, with respect to the dividends, if any, that the Company may declare in its absolute discretion. Where applicable, such VVPR-right can be represented by a separate instrument.

3.3. Registered form

- (a) The Stock Options are in registered form.
- (b) The Stock Options and the ownership thereof and any other right thereto or interest therein shall be recorded in a warrant register that is kept at the registered office of the Company.
- (c) Only the person which has been recorded in the warrant register of the Company as owner of a Stock Option will be recognized as holder of such Stock Option.

- (d) The Stock Options cannot be converted into a bearer instrument.
- (e) The Stock Options shall not be listed at any time on a securities exchange, regulated market or similar securities market.

4. ADMINISTRATION OF THE PLAN

- (a) The HRO Committee or any other body or person designated by the HRO Committee shall administer the Plan.
- (b) Subject to the provisions of the Plan and in as far as the decisions are in line with the purpose of the Plan, the HRO Committee, as the case may be in consultation with the Board of Directors, is entitled to:
 - (i) select the Selected Participants to whom Stock Options are to be granted;
 - (ii) determine the number of Stock Options to be granted to a Selected Participant;
 - (iii) determine the possible additional conditions pursuant to which Stock Options are to be granted to a Selected Participant;
 - (iv) determine the possible additional conditions pursuant to which Stock Options shall become Vested Stock Options, shall become exercisable or shall be transferable;
 - (v) if necessary, adopt, adapt or implement one or more sub-plans for a certain jurisdiction in which the Selected Participant for such sub-plans works, lives or is a resident, in function of the laws of the respective jurisdiction, taking, however, into account that each sub-plan must be compatible with the terms and conditions set forth in the Plan; and
 - (vi) determine, define and interpret all rules, regulations or other measures required or desirable for the administration of the Plan, whereby all such decisions will be binding on the holders of the Stock Options.

5. GRANTING OF THE STOCK OPTIONS

5.1. Grant of Stock Options

Subject to the limits set out in the Plan, the Board of Directors or the HRO Committee, or any other body or person designated by the Board of Directors or the HRO Committee, may, in its absolute discretion, at any time, grant Stock Options to Selected Participants.

5.2. Stock Option Agreement

- (a) Stock Options granted pursuant to Article 5.1 shall be evidenced by a Stock Option Agreement to be signed by the Selected Participant to indicate his/her acceptance of the terms and conditions of the Stock Options and the grant thereof.
- (b) The Stock Option Agreement shall (amongst others) state the Date of Grant of the Stock Options, the number of Stock Options granted, the rules relating to the vesting

of the Stock Options, the Stock Option Price (if any), the term of the Stock Options, the Exercise Price and any other relevant fact and/or condition.

- (c) Except when otherwise provided for in the Stock Option Agreement, a Selected Participant must accept or refuse any Stock Option granted to him/her in writing within 60 days following the Date of Grant, unless the HRO Committee decides otherwise. Any refusal must be executed in writing on the form which is provided for by the Company. The acceptance shall be demonstrated by signing the Stock Option Agreement. If a Stock Option is refused, it shall be deemed never to have been granted to the person and the so refused Stock Options shall remain available to the Company for any further grants to other Selected Participants.

6. CONDITIONS OF THE STOCK OPTIONS

6.1. Stock Option Price

- (a) The Selected Participant shall owe no Stock Option Price to the Company when the Stock Options are granted to him/her, unless the Stock Option Agreement provides otherwise.
- (b) If a Stock Option Price were to be due, it shall be booked as an issuance premium, that shall represent, to the same extent as the capital, a guarantee for third parties, and shall be booked on an unavailable account that can only be decreased or booked away by a decision of the general shareholders' meeting of the Company deciding in the same way as for a modification of the articles of association.

6.2. Exercise Price

- (a) The Board of Directors shall determine the Exercise Price of a Stock Option when the Stock Options are granted to a Selected Participant.
- (b) The Exercise Price of a Stock Option will be equal to the lower of (x) the average of the closing prices of the Company's shares as traded on Euronext Brussels during the thirty (30) day period preceding the Date of Grant, and (y) the closing price of the Company's shares as traded on Euronext Brussels on the day preceding the Date of Grant.
- (c) Upon exercise of a Stock Option and issue of a new share in accordance with the terms and conditions of the Plan, the Exercise Price of the Stock Option will be allocated to the share capital of the Company.

However, to the extent that the amount of the Exercise Price of the Stock Option exceeds the fraction value (*fractiewaarde / valeur fractionnelle*) of the shares of the Company immediately preceding the exercise of the Stock Option concerned, a part of the Exercise Price equal to such fraction value shall be booked as share capital, whereby the balance, if any, shall be booked as issuance premium. The issuance premium, if any, shall serve as guarantee for third parties in the same manner as the Company's share capital and shall be booked on an unavailable account that can only be decreased or booked away pursuant to a resolution of a general shareholders' meeting passed in the manner required for an amendment to the Company's articles of association.

Following the issue of the shares and capital increase resulting therefrom, each of the Company's issued and outstanding shares representing the Company's share capital, shall represent the same fraction of the Company's share capital.

6.3. Term of the Stock Options

Unless the Stock Option Agreement determines a shorter term, a Stock Option shall have a term of ten (10) years as of the Adoption Date. Unless the Stock Option Agreement determines a shorter term, the Stock Option shall therefore (in any event) automatically lapse and become null and void at 24:00 hours in the evening, on the tenth anniversary date of the Adoption Date.

7. TRANSFER OF THE STOCK OPTIONS

7.1. Decease

In the event of the decease of a Selected Participant, the Vested Stock Options of such Selected Participant shall be transferred to the relevant Beneficiaries of the Selected Participant and the concerned Stock Options shall remain exercisable at the time and under the terms established in the Plan and the applicable Stock Option Agreement. The Stock Options that are not Vested Stock Options at the time of the decease of the Selected Participant will automatically lapse and become null and void upon the date of decease of the Selected Participant. The designation and revocation of a Beneficiary must be done in writing in accordance with the applicable law. In absence of any valid designation, the heirs of the Selected Participant shall be deemed to be the Beneficiary in accordance with the applicable law of succession. If there are multiple heirs, all heirs shall act jointly or one person designated by the heirs acting jointly shall be deemed to be the Beneficiary.

7.2. Transferability of the Stock Options

Except for a transfer contemplated under Article 7.1 above, and except if the HRO Committee were, in its absolute discretion, to decide otherwise, the Stock Options cannot be transferred by a Selected Participant once they have been granted to a Selected Participant.

8. EXERCISE OF THE STOCK OPTIONS

8.1. General

Stock Options can only be exercised during an Exercise Period (as specified in Article 8.3 below) provided and to the extent that they have become Vested Stock Options and have become exercisable (in accordance with Article 8.2 below) prior to or during a certain Exercise Period.

8.2. Vesting and exercisability of the Stock Options

8.2.1. *General vesting mechanism of the Stock Options*

Unless stipulated otherwise in the Stock Option Agreement, per grant of Stock Options, the Stock Options granted to a Selected Participant shall vest, *i.e.* become Vested Stock Options, in sixteen equal installments as follows:

- (a) per quarter after the Date of Grant, a portion equal to one sixteenth of the aggregate number of Stock Options granted to the Selected Participant in the grant concerned shall vest on the first day of the quarter concerned;
- (b) the first quarter during which Stock Options shall vest, shall be the first quarter that shall start after the Date of Grant; the following installments shall vest during the subsequent quarters;
- (c) if a portion of one sixteenth of the aggregate number of Stock Options granted to the Selected Participant does not constitute a whole number of Stock Options, the relevant portion shall be rounded down to the nearest whole number of Stock Options; the remaining Stock Options that have not yet vested and become Vested Stock Options during the preceding fifteen quarters, shall vest and become Vested Stock Options during the last quarter.

8.2.2. *Acceleration of vesting*

Notwithstanding Article 8.2.1 above, all Stock Options will immediately and automatically vest and become Vested Stock Options upon a change of control over the Company.

8.2.3. *Exercisability of the Stock Options*

Unless stipulated otherwise in the Stock Option Agreement, a Vested Stock Option shall be exercisable by the Selected Participant as of the first Exercise Period following the moment upon which it became a Vested Stock Option and can be further exercised during any subsequent Exercise Period until the term of the Stock Option concerned expires.

8.2.4. *Consequences of a termination of employment agreement upon initiative of the Company or a Subsidiary*

Without prejudice to the provisions of the following paragraphs and unless the HRO Committee decides more favorably for the Employee upon the Date of Termination of the employment agreement, when the employment agreement of a Selected Participant is terminated upon initiative of the Company or a Subsidiary for reasons other than for serious cause, the Selected Participant may exercise all Stock Options that have become Vested Stock Options on or prior to the Date of Termination of the employment agreement, in the first two Exercise Periods following the Date of Termination of the employment agreement. The Stock Options that did not become Vested Stock Options on or prior to the Date of Termination of the employment agreement will lapse and become null and void upon such date. The Vested Stock Options that are not exercised in the aforementioned first two Exercise Periods shall automatically lapse and become null and void after such first two Exercise Periods.

For purposes of this Article 8.2.4, a termination of an employment agreement immediately followed by the signing of a new employment agreement or a management agreement with the Company or a Subsidiary, will not be considered as a termination of the employment agreement of the Selected Participant, unless the HRO Committee decides otherwise.

Upon termination of the Selected Participant's employment agreement for serious cause, all Stock Options shall, whether vested or not, automatically and immediately lapse and become null and void.

8.2.5. *Consequences of a termination of employment agreement upon initiative of the Employee*

Without prejudice to the provisions of the following paragraphs and unless the HRO Committee decides more favorably for the Employee upon the Date of Termination of the employment agreement, when the employment agreement of a Selected Participant is terminated upon initiative of the Employee, the Selected Participant may exercise all Stock Options that have become Vested Stock Options on or prior to the Date of Termination of the employment agreement, in the first Exercise Period following the Date of Termination of the employment agreement. The Stock Options that did not become Vested Stock Options on or prior to the Date of Termination of the employment agreement will lapse and become null and void upon such date. The Vested Stock Options that are not exercised in the aforementioned first Exercise Period shall automatically lapse and become null and void after such first Exercise Period.

For purposes of this Article 8.2.5, a termination of an employment agreement immediately followed by the signing of a new employment agreement or a management agreement with the Company or a Subsidiary, will not be considered as a termination of the employment agreement of the Selected Participant, unless the HRO Committee decides otherwise.

8.2.6. *Consequences of retirement, disability or serious injury*

In the event of termination of the employment agreement of a Selected Participant as a consequence of retirement, disability or serious injury resulting in the incapacity to work for a period exceeding eighteen months, all Stock Options, will vest and become Vested Stock Options immediately, and shall remain exercisable, pursuant to the terms and conditions set forth in the Plan and the Stock Option Agreement until the applicable term of the Stock Options expires.

8.3. Exercise Period

During the term of the Stock Options, Vested Stock Options can only be exercised during the following periods: (i) as of February 22 until April 10, (ii) as of May 10 until July 10, (iii) as of August 10 until October 10, and (iv) as of November 10 until December 15. If the last day of an Exercise Period is not a Business Day, the Exercise Period shall end on the last Business Day preceding the day that would otherwise be the last day of the Exercise Period.

The Board of Directors may in its absolute discretion, provide for additional Exercise Periods. The Board of Directors may also amend the aforementioned Exercise Periods if such periods were to coincide with applicable restricted or other periods during which the exercise of Stock Options would be restricted or not permitted pursuant to a dealing code or other restrictions imposed by the Board of Directors or any other applicable rules or regulations.

8.4. Partial exercise

A Selected Participant may exercise all or part of its Vested Stock Options in accordance with the terms and conditions of the Plan and the applicable Stock Option Agreement. However, a Stock Option may not and cannot be exercised with respect to fractions of shares.

8.5. Exercise procedure

A Stock Option shall be deemed to have been exercised upon receipt by the Company, at the latest on the last Business Day of the Exercise Period during which the Stock Option is exercised, of:

- (a) a written notice (in the form prescribed by the Company) given by the holder of the Stock Option concerned and stating that a Stock Option or a specified number of Stock Options is/are exercised;
- (b) evidence of the complete payment of the Exercise Price within five (5) days following the last Business Day of the Exercise Period in which the Stock Options were exercised, for the number of shares as indicated in the notice referred to in paragraph (a), by bank transfer to a blocked account of the Company whose number shall be communicated by the Company;
- (c) in the event that a Stock Option is exercised by a person or persons other than the Selected Participant, suitable proof of the right of this person or these persons to exercise the Stock Option;
- (d) any and all declarations and documents, which the Board of Directors or the HRO Committee deems desirable or necessary in order to comply with all applicable legal and regulatory provisions.

8.6. Issuance of shares

- (a) The Company shall only be obliged to issue a share as a result of the exercise of a Stock Options after all of the preceding conditions set forth in Article 8.5 have been fulfilled and following the completion of the capital increase mentioned below.
- (b) In the event of an exercise of Stock Options, provided the conditions set forth in Article 8.5 have been fulfilled, the Board of Directors, or one or more members thereof, shall, in accordance with Article 591 of the Company Code (or any other provision having the same purport), have the capital increase resulting from the exercise of the Stock Options concerned, and the payment and issuance of the corresponding shares, recorded before a notary public within 60 days following the expiry of the Exercise Period in which the Stock Options concerned were exercised.
- (c) If at the time of exercise of the Stock Options, the Company's ordinary shares are admitted to trading, at the Company's initiative, on a regulated market or other trading platform, the Company shall take such actions and make such filings as shall be necessary to have the shares that are issued upon the exercise of the Stock Options concerned admitted to the trading on such regulated market or trading platform.
- (d) The Company may at its discretion postpone the delivery of the shares issued upon exercise of Stock Options, if this is necessary in order to comply with the applicable regulations or provisions of whatever nature, including but not limited to public offers, registrations and other obligations with respect to the shares of the Company, as the Company deems appropriate.

9. ADJUSTMENTS

9.1. General

Notwithstanding Article 501 of the Belgian Company Code (or any other provision having the same purport), the Company may proceed with all actions that it deems appropriate in relation to its capital, its articles of association, its financial conditions or its management, even if such actions would lead to a reduction of the benefits allocated to the holders of the Stock Options, including but not limited to mergers, acquisitions, capital increases or decreases (including those subject to a condition precedent), incorporation of reserves in the capital with issuance of new shares, the distribution of dividends, the issuance of warrants, convertible bonds or other securities entitling the holder to subscribe to or acquire shares or other securities of the Company, the amendment of arrangements or provisions relating to the distribution of profits or liquidation proceeds (except if an amendment to the arrangements or provisions relating to the distribution of profits or liquidation proceeds would result in all of the then outstanding and existing shares having preferred rights relating to the distribution of profits or liquidation proceeds as compared to the shares to be issued upon exercise of the Stock Options).

Should the rights of a holder of Stock Options with respect to the Stock Options of such holder be affected by such decision or transaction, then the holder of the Stock Options shall not be entitled to a change of the Exercise Price, a change of the exercise conditions or any other form of (financial or other) compensation, unless the Board of Directors would explicitly decide otherwise.

9.2. Reorganizations of the Company's shares

In the event that at any time as of the Adoption Date up to the exercise of a Stock Option, the Company (i) sub-divides its shares into a larger number of shares, or (ii) combines its shares into a smaller number of shares, then the number of shares to be issued upon exercise of the Stock Option after the occurrence of one of such events shall be adjusted so that, after giving effect to such adjustment, the holder of the Stock Option shall be entitled to receive the number of shares upon exercise of the Stock Option that such holder would have owned or have been entitled to receive had this Stock Option been exercised immediately prior to the occurrence of the event concerned.

An adjustment made pursuant to this Article 9.2 shall become effective immediately after the effective date of the event concerned. The Company shall inform the Selected Participants of such adjustment by means of a notice as soon as practicable after the effective date of the event concerned.

9.3. Mergers, de-mergers

In the event that at any time as of the Adoption Date up to the exercise of a Stock Option, there is (i) a merger of the Company with or into another person or entity whereby the Company is not the surviving entity, or (ii) a de-merger of the Company, whereby in both (i) and (ii) the shares of the Company are exchanged into shares, other securities, cash or other property of one or more other persons or entities, then the shares to be issued upon exercise of the Stock Option after the occurrence of one of such events shall be adjusted so that, after giving effect to such adjustment, the Selected Participant shall upon exercise of the Stock Option be entitled to receive the number of shares, other securities, cash or other property of the successor or acquiring persons or entities that such holder would have owned or have been entitled to receive had this Stock Option been exercised immediately prior to the occurrence of the event concerned.

An adjustment made pursuant to this Article 9.3 shall become effective immediately after the effective date of the event concerned. The Company shall inform the Selected Participant of such adjustment by means of a notice as soon as practicable after the effective date of the event concerned.

In case of any such merger or de-merger, the Company must procure that the successor or acquiring persons or entities shall expressly assume the due observance and performance of each and every covenant and obligation of the Plan and the applicable Stock Option Agreements to be performed and observed by the Company.

9.4. Exercise of the Stock Options by virtue of law

If a Stock Option which is not exercisable or which cannot be exercised pursuant to the issuance conditions (as determined in the Plan or in the Stock Option Agreement) becomes prematurely exercisable on the basis of the provisions of Article 501 of the Company Code (or any other provision having the same purport) and is also exercised pursuant to said provision, the shares obtained by exercising the Stock Options shall not be transferable, unless explicitly agreed upon by the Board of Directors, until the time the underlying Stock Options would have become exercisable in accordance with the Plan and the applicable Stock Option Agreement.

10. MISCELLANEOUS

10.1. Binding Nature of the Plan

In case of acceptance of the Stock Options, the Selected Participant shall be bound by, and deemed to have accepted, the terms and conditions set forth in the present Plan. In the event of a transfer of the Stock Options (or any right thereto) pursuant to the Plan, the acquirer or transferee shall be bound by, and deemed to have accepted, the terms and conditions set forth in the present Plan, as well as the Stock Option Agreement that has been entered into by the Selected Participant with respect to the Stock Options concerned.

10.2. Taxes and social security

The Company and the respective Subsidiary shall be entitled, in accordance with the applicable law or practice, to withhold from the cash salary, remuneration or payment of the month (or other period) during which the taxable benefit arises or from the cash salary, remuneration or payment of any other subsequent month(s) or period, and/or the Selected Participant shall be obliged to pay to the Company or to the respective Subsidiary (if requested by the Company or the respective Subsidiary to do so), the amount of any tax and/or social security contributions, if any, attributable to or payable in connection with the grant, vesting or exercise of any Stock Options or attributable to or payable in connection with the delivery or subsequent sale or disposal of the shares.

The Company and the respective Subsidiary shall also be entitled, in accordance with the applicable law or practice, to make the necessary reporting, required as a result of the grant of the Stock Options, their vesting or their exercise or of the delivery or subsequent sale or disposal of the shares.

10.3. Costs and expenses

The costs in relation to the capital increase resulting from the exercise of Stock Options will be borne by the Company. Stamp duties, taxes on stock exchange transactions and other similar

duties or taxes that are levied (if at all) in relation to the exercise of Stock Options and/or the delivery of the shares resulting therefrom will be borne by the holder of the Stock Options concerned.

10.4. Applicable law and competent courts

Stock Options granted under the Plan shall be governed by and construed in accordance with the laws of Belgium. Any dispute arising under the Plan or the Stock Option Agreement of a Selected Participant shall be subject to the exclusive jurisdiction of the courts in the jurisdiction of which the Company shall have its registered office.

10.5. Relation to the employment agreement

Notwithstanding any provision of the Plan and/or the Stock Option Agreement, the rights and obligations of a Selected Participant as determined under the terms of his/her employment agreement with the Company or any Subsidiary shall not be affected by his/her participation in the Plan. A Selected Participant who/which is granted Stock Options pursuant to the Plan shall have no rights to compensation or damages in consequence of the termination of his/her employment agreement with the Company or the Subsidiary for any reason whatsoever, insofar as those rights arise or may arise from the termination of the rights which he/she would have or of the claims which he/she could make relating to the exercise of the Stock Options under the Plan as a result of the termination of such employment agreement or from the loss or reduction in value of the rights or advantages.

10.6. Notices

- (a) Any notice, demand or other communication (“*notice*”) to be given pursuant to the Plan or a Stock Option Agreement must be made in writing.
- (b) Any notice to be given to any of the holders of a Stock Option, shall be deemed validly served by delivering it by hand with confirmation of receipt or sending it by registered mail (or such other communication means as the HRO Committee may decide) to such person’s address as shall have been communicated by such person to the Company.
- (c) Any notice to be given to the Company shall be deemed validly served by delivering it by hand with confirmation of receipt or sending it by registered mail (or such other communication means as the HRO Committee may decide) to the address of the registered office of the Company.

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