
MARTIN AIRCRAFT COMPANY
LIMITED EMPLOYEE OPTION SCHEME

MARTIN AIRCRAFT COMPANY LIMITED

EMPLOYEE OPTION SCHEME

1 Introduction

1.1 *Name*

The name of this scheme is the *Martin Aircraft Company Limited Employee Option Scheme*.

1.2 *Purpose*

The Scheme is intended to create incentives for, and enable the Company to attract and/or retain key employees, by conferring on them a right to participate in the equity of the Company.

2 Key terms

Unless the context requires otherwise:

Board means the board of directors of the Company;

Breach means a breach of:

- (i) the Company's constitution;
- (ii) the listing and/or other rules of any stock exchange on which securities in the Company are quoted; and/or
- (iii) any statute or regulation;

Business Day means a day on which licensed, registered and/or principal banks are open for normal banking business in New Zealand;

Company means Martin Aircraft Company Limited;

Employee means a person who has Employment with the Company;

Employment means any directorship, employment, service relationship or service contract with the Company or any of its subsidiaries;

Exercise Period means the period specified in an offer of an Option;

Exercise Price means the amount specified in an offer of an Option;

Option means (subject to clause 9) an option granted to a Participant to subscribe for an ordinary share in the Company under the Scheme;

Participant means an existing or prospective Employee who accepts an offer of an Option, and that person's successors; and

Scheme means the Martin Aircraft Company Limited Employee Option Scheme recorded in this document as amended from time to time.

3 The Board

3.1 Administration

The Board will administer all aspects of the Scheme, including the offering of Options. Any matter to be determined by the Board will be determined as it sees fit in its sole discretion.

3.2 Delegation

The Board may delegate to any person (and revoke any delegation of) all or any of its powers, discretions, rights and obligations under the Scheme from time to time as it sees fit, and reference to the *Board* will be construed accordingly.

4 Offers

The Board may make an offer of Options to an existing or prospective Employee, each offer will:

- (i) be in writing;
- (ii) enclose a copy of the Scheme;
- (iii) specify the number of Options to be granted to the Employee;
- (iv) specify the Exercise Period;
- (v) specify the Exercise Price; and
- (vi) specify the date by which the offer may be accepted.

5 Acceptance of offer

5.1 Response

An Employee who wishes to accept an offer of Options must return to the Board a completed letter of offer, within 15 Business Days after the date of the offer.

5.2 Acknowledgement

In accepting an offer of Options, a Participant acknowledges that:

- (i) the terms of the Scheme are binding; and

- (ii) participation in the Scheme does not affect the terms of the Participant's Employment or prospective Employment. In no event will the Company be deemed, by making an offer of Options, to have represented that Employment or prospective Employment will continue until, during and/or beyond the Exercise Period.

5.3 Issue

The Board will create and issue Options, and send a Participant an Options certificate, as soon as practicable.

6 Exercise of Options

Options may be exercised on any Business Day during the Exercise Period, unless:

6.1 Breach

the Board considers that the exercise would give rise to a Breach; or

6.2 Lapse

the Options have lapsed under clause 10.

7 Procedure for exercise

7.1 Exercise notice

A Participant may, as the Participant sees fit from time to time (subject to clause 6), exercise part or all of that Participant's Options (subject to any minimum number or multiple of a number of Options prescribed by the Board from time to time), by giving the Board a notice specifying the Options exercised.

7.2 Payment

Any notice of exercise must be accompanied by:

- (i) payment of the aggregate Exercise Price; and
- (ii) the Options certificate.

7.3 Issue

Within five Business Days after the date on which the Board receives:

- (i) a notice of exercise;
- (ii) payment; and
- (iii) an Options certificate,

under this clause 7, the Board will issue ordinary shares in the Company to the Participant, unless clause 6 precludes the exercise of Options (if so, the Board will give

notice to the Participant accordingly, refund the Exercise Price (without interest) and return the Options certificate).

7.4 *Board's notice*

The Board will give a further notice to a Participant who has been precluded (under clause 6.1) from exercising an Option, as soon as it considers that the exercise would no longer give rise to a Breach.

8 *Rights on exercise*

Ordinary shares in the Company issued to Participants will be credited as fully paid and will rank equally in all respects with all other ordinary shares in the Company at the date of issue.

9 *Adjustment to Exercise Price and number of shares*

9.1 *Rights issue*

There will be no adjustment to the Exercise Price or the number of ordinary shares in the Company to be received on the exercise of Options, if the Company makes a rights issue before the exercise of an Option.

9.2 *Reconstruction*

The Board may adjust the Exercise Price and/or the number of ordinary shares in the Company to be received on the exercise of Options and/or take any other steps which it considers equitable, if:

- (i) there is a consolidation, subdivision, bonus issue, cancellation, redemption or acquisition by the Company or any other rearrangement or reconstruction whatever of ordinary shares in the Company which changes the proportionate interest in the Company represented by an ordinary share; or
- (ii) the Company amalgamates with another company,

so that the contingent benefits conferred on Participants before and after the relevant event remain consistent. Any adjustment and/or other step will not confer benefits on Participants which are inconsistent with the benefits conferred on the Company's shareholders.

10 *Lapse of Options*

10.1 *Before Exercise Period*

A Participant's Options will lapse immediately if the Participant ceases to be an Employee before the commencement of the Exercise Period.

10.2 *During Exercise Period: leaving the company other than by summary dismissal*

During the Exercise Period, a Participant's Options will lapse on the day of departure. The Board may vary this at its discretion in special circumstances.

10.3 *During Exercise Period: summary dismissal*

During the Exercise Period, a Participant's Options will lapse immediately if the Participant ceases to be an Employee due to summary dismissal by the Company or any of its subsidiaries or the Participant's employer.

10.4 *During Exercise Period: compulsory acquisition*

During the Exercise Period, a Participant's Options will lapse immediately if a person acquires or exercises the right to acquire all outstanding ordinary shares in the Company under the compulsory acquisition provisions of the Company's constitution. The Company will, within 20 Business Days after the date of the acquisition, in respect of each Option which has lapsed under this clause 10.4:

- (i) if cash only is paid under the acquisition, pay a Participant an amount equivalent to the cash paid for each ordinary share in the Company under the acquisition less the Exercise Price;
- (ii) if shares or securities only comprise the consideration under the acquisition:
 - ❑ pay in cash each Participant the aggregate amount the Participant would be entitled to under clause 10.4(i); or
 - ❑ arrange the transfer or issue to each Participant of shares or securities (of the same type) equal in value to that amount; or
- (iii) if shares or securities comprise part only of the consideration for the acquisition:
 - ❑ pay in cash each Participant the aggregate amount the Participant would be entitled to under clause 10.4(i); or
 - ❑ arrange the payment of cash and the transfer or issue of shares or securities (of the same type) to each Participant equal in value to that amount and in the proportion determined by the Board.

For the purposes of clauses 10.4(ii) and 10.4(iii), the Board will in its sole discretion determine the fair value of the shares or securities being offered.

10.5 *Expiration of Exercise Period*

An Option, which has not lapsed under clauses 10.2 to 10.4, lapses on the expiration of the Exercise Period.

11 Divestment

11.1 *No transfer*

No Participant may transfer, assign, pledge, or grant any mortgage, lien, charge, security interest or other encumbrance (legal or equitable) over an Option.

11.2 *Cancellation*

Notwithstanding any other provision of the Scheme, if it believes it is in the best interest of the Company or the Participant, the Board may give notice to a Participant cancelling the Participant's Options for their fair value at the time of cancellation, to be determined by the Board after having received valuation advice.

11.3 *Offer to all shareholders*

During the Exercise Period, if a person offers to acquire all of the ordinary shares in the Company, any unvested options will lapse. Holders of vested options may participate in any offer to all shareholders. Notice will be given so holders can exercise their options prior to the sale or they may elect to net settle.

12 Amendment and termination

12.1 *Board's discretion*

The Board may from time to time amend the Scheme:

- (i) if it considers that the interests of Participants affected are not materially prejudiced; or
- (ii) with the prior written consent of Participants holding (in the aggregate) at least 75% of the Options on issue on the date of the amendment,

subject to clause 12.3.

12.2 *Termination*

The Board may terminate the Scheme, subject to clause 12.3.

12.3 *Breach*

The Board:

- (i) may not amend or terminate the Scheme if this would give rise to a Breach; but
- (ii) may amend or terminate the Scheme if the Board considers that this would avoid giving rise to a Breach.

12.4 *Notice to Participants*

The Board will give notice of any amendment to or termination of the Scheme to all Participants affected. Similarly, the Board will give notice of any adjustment to the

Exercise Price and/or the number of ordinary shares in the Company to be received on the exercise of Options and/or any other step taken to all Participants affected.

13 Miscellaneous

13.1 *Spirit of the Scheme*

If any circumstance arises which might result in the spirit and intent of the Scheme not being fulfilled, the Board will use all reasonable endeavours to effect any modification to the Scheme required to preserve that spirit and intent.

13.2 *Fractions*

If a calculation or adjustment under the Scheme produces a fraction of a cent or ordinary share in the Company, the product will be rounded to the nearest whole number favourable to the Participant.

13.3 *Delay*

No failure, delay or indulgence by the Board in exercising any power or right conferred on it under the Scheme will operate as a waiver of that power or right; nor will a single exercise of a power or right preclude further exercises, or the exercise of any other power or right under the Scheme.

13.4 *Notice*

All notices and communications required to be given or made under the Scheme will be in writing and addressed to the recipient at the address or facsimile number (if any) from time to time designated by the recipient. Unless any other designations are given, the addresses of the Company and a Participant (and the facsimile number of the Company) are those set out in the relevant letter of offer. Any notice or communication will be deemed to have been received:

- (i) at the time of delivery, if delivered by hand;
- (ii) on the second Business Day after the date of mailing, if sent by post or airmail with postage prepaid; or
- (iii) on the day on which confirmation of proper transmission is received (on transmission), if sent by facsimile.

13.5 *Governing law*

The Scheme will be governed by and construed in accordance with New Zealand law.

13.6 *Construction*

Unless the context requires otherwise:

- (i) the singular includes the plural and vice versa, and words importing any gender include the other genders;
- (ii) a reference to a *person* includes any individual, company, corporation, partnership, incorporated society, association or other legal entity;
- (iii) a reference to an *amendment* includes any deletion or addition;
- (iv) a reference to an enactment (statute or regulation) includes enactments in New Zealand and in any other jurisdiction affecting the Scheme, and is a reference to that enactment as amended, or any enactment substituted for that enactment; and
- (v) where a word or expression is defined in the Scheme, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.

MARTIN AIRCRAFT COMPANY LIMITED

EMPLOYEE OPTION SCHEME

TABLE OF CONTENTS

1 Introduction.....	1
1.1 <i>Name</i>	1
1.2 <i>Purpose</i>	1
2 Key terms.....	1
3 The Board	2
3.1 <i>Administration</i>	2
3.2 <i>Delegation.....</i>	2
4 Offers	2
5 Acceptance of offer	2
5.1 <i>Response</i>	2
5.2 <i>Acknowledgement</i>	2
5.3 <i>Issue</i>	3
6 Exercise of Options	3
6.1 <i>Breach.....</i>	3
6.2 <i>Lapse.....</i>	3
7 Procedure for exercise	3
7.1 <i>Exercise notice</i>	3
7.2 <i>Payment</i>	3
7.3 <i>Issue</i>	3
7.4 <i>Board's notice</i>	4
8 Rights on exercise.....	4
9 Adjustment to Exercise Price and number of shares	4
9.1 <i>Rights issue</i>	4
9.2 <i>Reconstruction</i>	4
10 Lapse of Options	4
10.1 <i>Before Exercise Period</i>	4
10.2 <i>During Exercise Period: leaving company other than by summary dismissal</i>	5
10.3 <i>During Exercise Period: summary dismissal.....</i>	5
10.4 <i>During Exercise Period: compulsory acquisition.....</i>	5
10.5 <i>Expiration of Exercise Period.....</i>	5
11 Divestment	6
11.1 <i>No transfer.....</i>	6
11.2 <i>Cancellation.....</i>	6
11.3 <i>Offer to all shareholders.....</i>	6
12 Amendment and termination	6
12.1 <i>Board's discretion.....</i>	6
12.2 <i>Termination.....</i>	6
12.3 <i>Breach.....</i>	6
12.4 <i>Notice to Participants</i>	6
13 Miscellaneous	7
13.1 <i>Spirit of the Scheme</i>	7
13.2 <i>Fractions.....</i>	7
13.3 <i>Delay.....</i>	7
13.4 <i>Notice</i>	7
13.5 <i>Governing law.....</i>	7
13.6 <i>Construction.....</i>	7