

Dated:

2005

TERMS AND CONDITIONS OF THE

NATIONAL HIRE GROUP LIMITED

ACN 076 688 938

2005 SHARE OPTION PLAN



DIBBS ABBOTT STILLMAN | LAWYERS

Level 8 Angel Place 123 Pitt Street Sydney NSW 2000
GPO Box 983 Sydney NSW 2001 DX 101 Sydney
Tel 61 2 8233 9500 Fax 61 2 8233 9555
www.dbglaw.com.au

Ref: JNL/AEW 3268920

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**TERMS AND CONDITIONS OF THE
NATIONAL HIRE GROUP LIMITED
ACN 076 688 938**

2005 SHARE OPTION PLAN

The terms and conditions of the National Hire Group Limited 2005 Share Option Plan are as follows:

1. **DEFINITIONS**

“**ASIC**” means Australian Securities and Investments Commission.

“**ASX**” means Australian Stock Exchange Limited.

“**Average Total Assets**” means the average of the year’s total asset balances of the Company’s consolidated Statement of Financial Position as recorded in the Company’s Annual Report for a Financial Year.

“**Board of Directors**” or “**Board**” means the board of directors of the Company from time to time.

“**Bonus Date**” means any date after the Grant Date and before exercise or expiry of the Outstanding Options, on which entitlements are ascertained for holders of Shares to participate in any bonus issue by the Company.

“**Business Day**” has the meaning given to that term in the Listing Rules.

“**Company**” means National Hire Group Limited ACN 076 688 938.

“**Constitution**” means the constitution of the Company as amended from time to time.

“**Diluted Ordinary Share Capital**” means the total of the following:

- (i) All Shares;
- (ii) All Options issued under this Option Plan;
- (iii) All other options issued by the Company excluding Options issued under this Option Plan;
- (iv) All other convertible issued securities,

as at the relevant date of the issue of Options under this Option Plan.

“**Eligible Employee**” means any person who is employed by, or is a director, officer or executive, of the Company or any related body corporate of the Company, and whom the Remuneration Committee determines is eligible to participate in the Option Plan.

“**Exercise Notice**” means a notice substantially in the form of Schedule 1.

“**Exercise Price**” means the exercise price as determined by the Remuneration Committee and set out in the Option Agreement between the Company and the Eligible Employee, being equal to the Share Price on the Grant Date of the Options.

“**Expiry Date**” in relation to an Option means the date in accordance with clause 4 of this Option Plan.

“**Financial Year**” means 1 July to 30 June.

“Grant Date” in relation to an Option means the date on which an Option is issued by the Company and as set out in the Option Agreement.

“Listing Rule(s)” means the official listing rules of ASX.

“Option Agreement” means the agreement between the Company and an Option holder setting out the number of Options issued to the Option holder, the Grant Date, the Exercise Price and any other specific terms relevant to those Options, as set out in the form of Schedule 2.

“Option holder” means the person registered in the Company’s register of Option holders as the holder of Options.

“Option” means options over unissued Shares issued pursuant to this Option Plan.

“Option Plan” or **“Plan”** means the National Hire Group Limited 2005 Share Option Plan constituted by these terms and conditions.

“Outstanding Options” means, in relation to an Option holder, Options which remain unexercised from time to time, including Vested Options.

“Permanent Disablement” means the disablement of an Eligible Employee the effect of which is in the opinion of a medical expert likely to be permanent and will stop that Eligible Employee continuing his or her employment with the Company or its related body corporate.

“Redundancy or Redundant” means where the job roles and responsibilities of an Eligible Employee within the Company become redundant and as a result the Eligible Employee’s employment with the Company is terminated whether voluntarily or involuntarily.

“Remuneration Committee” means any person or persons appointed by the Board of Directors to administer the Option Plan.

“Shareholder(s)” means those persons registered in the Company’s register of members as the holder of Shares in the Company.

“Share Price” means the market value of a Share calculated in accordance with clause 18.

“Share(s)” means fully paid ordinary shares in the capital of the Company, or the ordinary shares into which fully paid ordinary shares are reconstructed from time to time.

“TSR” means total shareholder return as calculated in accordance with clause 6.

“Vested Options” means Options the Eligible Employee may exercise at any time from the Vesting Date in accordance with the terms contained in the Option Agreement or as specified in clause 5 of the Option Plan.

“Vesting Date” means the date that the Options granted to Eligible Employee will vest in the Eligible Employee in accordance with the terms of the Eligible Employee’s Option Agreement.

2. INTERPRETATION

In these terms and conditions, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of these terms and conditions;
- (b) the singular includes the plural and vice versa;

- (c) the word “person” includes a firm, body corporate, unincorporated association and governmental authority;
- (d) a reference to any statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (e) a reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- (f) a reference to a person includes a reference to the person’s executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (g) an agreement, representation or warranty on the part of or in favour of two or more persons binds or is for the benefit of them jointly and severally;
- (h) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (i) a reference to a currency is a reference to Australian currency unless otherwise indicated;
- (j) a reference to a time is a reference to the time in Sydney, Australia; and
- (k) an expression defined in, or given a meaning for the purposes of, the Corporations Law has the same meaning where used in these terms and conditions.

3. OPTION ENTITLEMENT

- 3.1 The Remuneration Committee may determine the Eligible Employees who are entitled to participate in the Option Plan and may offer Options in accordance with these terms and conditions.
- 3.2 Subject to clauses 5, 8 and 9, each Option entitles the Option holder to subscribe for one Share at the Exercise Price.
- 3.3 On offer of Options the Company must provide the Eligible Employee with an Option Agreement for options in the form of Schedule 2, which, for the purpose of acceptance, must be signed by the Eligible Employee and returned to the Company within five Business Days.

4. EXPIRY OF OPTIONS

- 4.1 The Options will expire at 5.00pm on the Expiry Date as set out in Eligible Employee’s Option Agreement.
- 4.2 Options not exercised on or before 5.00 pm on the Expiry Date automatically lapse.

5. EXERCISE OF OPTIONS

- 5.1 Subject to clause 5.2 of this Plan, an Option holder whose exercise of Options would not be in breach of clause 13 may exercise the Options during any period and on any terms specified in the Option Agreement, in whole or in part by lodging with the Company Secretary of the Company:
 - (a) a copy of the Option Agreement;
 - (b) a duly completed and signed Exercise Notice in accordance with Schedule 1; and

- (c) the subscription money for the relevant Shares, being the number of Options specified in the Exercise Notice multiplied by the Exercise Price as determined by the Remuneration Committee and contained in the Option Agreement.
- 5.2 The Remuneration Committee may impose when granting Options such restrictions on the exercise of options as it considers fit, including without limitation individual or organisation performance or share price hurdles.
- 5.3 At all times when the Options are exercisable, the Company will have available a current prospectus or other document in relation to the Shares that complies with the requirements of the Corporations Act (subject to any relief from such requirements issued by the Australian Securities and Investment Commission).
- 5.4 Options awarded under an Option Agreement are not transferable otherwise than by will or the laws of intestacy and may be exercised during Eligible Employee's lifetime only by Eligible Employee.
- 5.5 If the items specified in clause 5.1 are delivered to the Company Secretary of the Company in accordance with that clause, the Company shall as soon as reasonably practicable after delivery of those items and not later than ten Business Days after delivery of those items:
 - (a) allot to the Option holder the Shares (fully paid) in respect of the number of Options exercised which allotment shall be on the footing that the Shares shall be allotted immediately and shall rank pari passu in all respect with Shares already on issue on the date of exercise of the Options;
 - (b) deliver to the Option holder a certificate or holding statement for the Shares so allotted; and
 - (c) cancel the Exercise Notice delivered pursuant to clause 5.1(b).
- 5.6 If the Option holder has died, his or her legal representative shall stand in his or her place for the purposes of clauses 5.1 and 5.4, subject only to prior production to the Company of such evidence as would be required to permit the legal personal representative to become registered as a Shareholder in respect of Options held by the Option holder.
- 5.7 After Shares have been allotted pursuant to clause 5.5, the Company will promptly make application for official quotation of the Shares on the stock exchange and will use reasonable endeavours to ensure the Shares are officially quoted.
- 5.8 The Company must hold the subscription monies in trust for the Option holder pending the allotment of the Shares in accordance with clause 5.5(a).

6. **TOTAL SHAREHOLDER RETURN**

- 6.1 For the purposes of any performance hurdles (that may be imposed by the Company on the exercise of an Option granted under this Plan), TSR for the relevant Financial Year is calculated in accordance with the following formula:

$$\text{TSR} = [(A - B) + D] / B$$

Where:

A = Share price as at market close at the end of the relevant Financial Year;

B = Share price as at market close at the beginning of the relevant Financial Year;

D = The dollar amount of any dividend declared per Share during the relevant Financial Year.

7. **CANCELLATION OF OPTION**

- 7.1 If at any time prior to the exercise by the Option holder of any Outstanding Options there is an issue of options (“**new options**”) to the Eligible Employee by a company in connection with the acquisition of all or part of the Shares in the Company or a share in a related body corporate or the assets of the Company or related body corporate, the Outstanding Options will be cancelled at the time of the issue of the new options (provided that the Option holder agrees to the cancellation or is not prejudiced by it).
- 7.2 Notwithstanding any other provision of the Option Plan, the Remuneration Committee may cancel an Option if at any time an Eligible Employee is in breach of any terms and conditions of employment of that Eligible Employee.

8. **BONUS ISSUES & RECONSTRUCTION**

- 8.1 On each Bonus Date, each Outstanding Option confers on the Option holder the right to receive, on exercise of those Outstanding Options, not only one Share for each of the Outstanding Options exercised but also the additional Shares and/or other securities the Option holder would have received had the Option holder participated in that bonus issue as a holder of Shares of a number equal to the Shares that would have been allotted to the Option holder had the Option holder exercised those Outstanding Options immediately before that Bonus Date.
- 8.2 In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company the number of Options to which each Eligible Employee is entitled or the Exercise Price of the Options or both as appropriate will be adjusted pursuant to clause 14.
- 8.3 Clause 8.1 will have no operation in relation to Shares issued by the Company under a bonus share plan being under an arrangement under which the Shareholders of the Company may elect to receive Shares in lieu of the right to receive dividends or a dividend reinvestment plan, (if any).

9. **PARTICIPATION IN NEW ISSUES**

Outstanding Options do not carry the right to participate in any new issues without prior exercise of the Option. However, in the event of the Option holder being entitled to exercise an Option then the Company must notify the Option holder of the proposed new issue at least nine (9) business days before the ex rights date or ex entitlement date, in accordance with the Listing Rules of the ASX.

10. **EQUAL RANKING**

- 10.1 Subject to clause 10.2, any Shares allotted pursuant to any exercise of the Options rank pari passu in all respects with other Shares of the Company on issue at the date of allotment.
- 10.2 Where any Shares are allotted pursuant to the exercise of Options during a period in respect of which a dividend is declared, the holder of those Shares is only entitled to receive the dividend where the Shares were allotted on or before the relevant dividend entitlement date.

11. **COMPLIANCE WITH LAW AND ORDERS**

- 11.1 An Option holder must not exercise any Options to have Shares issued to him or her, and no purported exercise has any effect, if in doing so it would be in breach of, or would cause the Company or its related bodies corporate to be in breach of:
- (a) any provision of the Foreign Acquisitions and Takeovers Act 1975 (Cwth);
 - (b) any undertaking given by the Company to the Foreign Investment Review Board at the request of the Foreign Investment Review Board from time to time;

- (c) the Listing Rules; or
- (d) any other applicable law.

11.2 For the purposes of clause 11.1, references to the Foreign Acquisitions and Takeovers Act mean the relevant Act as it may be amended or modified or replaced by another act dealing with similar subject matter.

12. **CALCULATIONS**

12.1 Any calculations or adjustments which are required to be made for the purpose of determining the Exercise Price or the number of the Option holder's Outstanding Options must be made by the auditors (if applicable) or a certified practicing accountant of the Company and will in the absence of manifest error, be final, conclusive and binding on the Option holder.

12.2 The Company must notify an Option holder of any adjustment made to the Exercise Price or the number of the Option holder's Outstanding Options within 10 Business Days after the date of the adjustments.

13. **FORFEITURE OF OPTIONS AND SHARES**

13.1 An Eligible Employee will forfeit any right or interest in any Outstanding Options under the Option Plan to the Company if:

- (a) he or she ceases to be an Eligible Employee at a time when the Eligible Employee is not entitled to exercise such Outstanding Options; or
- (b) the Eligible Employee has in the opinion of the Remuneration Committee been:
 - (i) dismissed with cause; or
 - (ii) has committed an act of fraud, defalcation, or gross misconduct in relation to the affairs of the Company, its subsidiaries or any related body corporate (whether or not charged with an offence);

and the Remuneration Committee directs that such Outstanding Options are to be forfeited.

13.2 The Eligible Employee will automatically forfeit any Shares that the Eligible Employee has acquired pursuant to an Option Agreement between the Company and the Eligible Employee if the Eligible Employee has in the opinion of the Remuneration Committee been:

- (a) dismissed with cause; or
- (b) has committed an act of fraud, defalcation, or gross misconduct in relation to the affairs of the Company, its subsidiaries or any related body corporate (whether or not charged with an offence);

and the Remuneration Committee directs that such Shares are to be forfeited.

13.3 The Eligible Employee will be required to hand over the share certificate(s) representing the shares acquired under an Option Agreement between the Eligible Employee and the Company to the Company Secretary on the request of the Company pursuant to this clause.

14. **RECAPITALISATION AND REORGANISATION**

14.1 The existence of the Plan and Options issued hereunder shall not affect in any way the right or power of the Board of the Directors or the Shareholders of the Company to make or authorise any adjustment, recapitalisation, reorganisation or other change in the Company's capital structure.

14.2 *Reconstruction*

In the event of any reconstruction of issued capital of the Company all rights attaching to each Option will be reconstructed in accordance with the Listing Rules of the ASX.

14.3 *Adjustment for Rights Issue*

If during the life of an Option, Shares are offered pro rata for subscription by Shareholders generally by way of rights issue, the Exercise Price applicable to each Option must be reduced (but may not be increased) by the following formula:

$$O\pi = O - \frac{E[P \cdot (S+D)]}{N + 1}$$

where:

- $O\pi$ = the new exercise price of the Option (if less than “0”);
- O = the old exercise price of the Option;
- E = the number of Shares into which an Option is exercisable;
- P = the weighted average price of Shares sold in the ordinary course of trading on the ASX during the five trading days ending on the day before the ex rights date or ex entitlement date or, where the Shares are not quoted on the ASX, the value of an issued Share determined by the Company’s auditors;
- S = the subscription price payable for each new Share under the rights issue;
- D = any distribution due but not yet paid on existing Shares which will not be payable in respect of new Shares issued under the rights issue; and
- N = the number of cum rights Shares required to be held to receive a right to one new Share under the rights issue.

14.4 *Cumulation of Adjustments*

Full effect must be given to clauses 8 and 14 on each occasion of their application and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect must be such as to reflect in relation to the Shares comprised in an Option the adjustments which on the occasions in question are progressively effected in relation to Shares already on issue. All adjustment calculations are to be four decimal places and in the case of the Exercise Price, to four decimal places expressed in cents.

14.5 Unless otherwise provided in these terms of the Options, the Option holder has no right to:

- (a) change the Exercise Price of the Option; or
- (b) change the number of Shares over which the Option can be exercised.

14.6 *Advice on Adjustments*

The Company will give notice to an Option Holder of any adjustment to the number of Shares to which the Option holder is entitled to subscribe for or be issued on exercise of an Option or the Exercise Price per Option in accordance with the Listing Rules of the ASX.

15. **ELIGIBLE EMPLOYEE'S RIGHT TO DEAL WITH SHARES ACQUIRED UNDER OPTION AGREEMENT**

There may be restrictions placed on the Eligible Employee under their Option Agreement in dealing with any Shares acquired under the Option Plan.

16. **ADMINISTRATION AND AMENDMENT**

The Remuneration Committee will administer the Option Plan and has the power to:

- (a) determine procedures from time to time for administration of this Option Plan consistent with the terms and conditions of the Option Plan;
- (b) amend or modify the terms and conditions of the Option Plan;
- (c) subject to clause 12.1, resolve conclusively all questions of fact or interpretation arising in connection with this Option Plan; and
- (d) delegate to any one or more persons, for any period and on any conditions determined by the Remuneration Committee, the exercise of any of the Board of Director's powers or discretions arising under this Option Plan.

17. **SHARES SUBJECT TO THE OPTION PLAN**

17.1 The total number of Shares that shall be reserved for issuance under this Option Plan and any other employee share schemes in the Company shall not exceed five percent (5%) of the Diluted Ordinary Share Capital in the Company as at the date of issue of the relevant Options under the Option Plan, subject to adjustment for changes in capitalisation of the Company as provided in clause 17.2.

17.2 If any change is made in the terms of provisions of the Shares subject to the Option Plan (whether by reason of reorganisation, merger, consolidation, recapitalisation, rights issues, share split, combination of shares, exchange of shares, change in corporate structure, or otherwise), then appropriate adjustments shall be made to the maximum number of Shares subject to and reserved under the Option Plan without any action by the Board of the Company.

18. **SHARE PRICE**

18.1 The Share Price at a particular date is calculated as follows:

- (a) if there was at least one transaction on the ASX for a National Hire Group Limited Share during the one week period up to and including that day – the weighted average of the prices at which the National Hire Group Limited Share was traded on the ASX during the 7 day period up to and including that day; or
- (b) if there were no transactions on the ASX in that one week period for a National Hire Group Limited Share:
 - (i) the last price at which an offer was made on the ASX in that period to buy a National Hire Group Limited Share; or
 - (ii) if no such offer has been made – the value of the National Hire Group Limited Share as determined under Australian taxation laws.

19. **NO ASSIGNMENT OF OPTIONS**

The Options may not be assigned, transferred or encumbered in any way by the Option holder. Any such assignment, transfer or encumbrance of Options shall cause the Options to lapse immediately. This does not prevent the exercise in accordance with the terms and conditions of this Option Plan of Options by the estate of a deceased Option holder.

20. **NOTICES**

Any notice regarding the Options will be sent to the registered address of the Option holder as recorded in the register of option holders maintained by the Company.

21. **DUTIES AND TAXES**

The Company is not responsible for any duties or taxes which may become payable in connection with the issue and allotment of Shares pursuant to an exercise of the Options or any other dealing with the Options or Shares.

22. **REPLACEMENT OF CERTIFICATES**

If any Option Agreement is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the registered office of the Company on payment by the claimant of the expenses incurred in connection with the replacement and on any terms as to evidence, indemnity and security as the Company may reasonably require. Mutilated or defaced Option Agreements must be surrendered before replacements will be issued.

23. **MISCELLANEOUS**

23.1 Except as otherwise provided in the Plan, the rights and obligations of an Eligible Employee under the terms of his or her employment with the Company or any of its subsidiaries shall not be affected by his or her participation in the Plan.

23.2 The Plan shall not form part of or be incorporated into any contract of employment of any Eligible Employee with the Company or any of its subsidiaries unless expressly stated and does not confer directly or indirectly on Eligible Employee any legal or equitable right whatsoever against the Company or any of its subsidiaries.

23.3 No Eligible Employee shall have any rights to compensation or damages in consequence of the termination of his or her employment for any reason whatsoever in so far as those rights arise from his or her ceasing to have rights under the Plan as a result of such termination.

23.4 Except as otherwise expressly provided by the Plan, the Remuneration Committee has absolute and unfettered discretion to act or refrain from acting under or in connection with the Plan or any Options under the Plan and in the exercise of any power or discretion in respect thereof any decision made by the Remuneration Committee under this Plan shall be binding on the Eligible Employee.

23.5 In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or related to the Plan or to any Options under the Plan and in the exercise of any power or discretion in respect thereof any decision made by the Remuneration Committee under this Plan shall be binding on the Eligible Employee.

24. **GOVERNING LAWS**

The Options are governed by and must be construed in accordance with the laws of New South Wales.

SCHEDULE 1

**NATIONAL HIRE GROUP LIMITED
ACN 076 688 938**

2005 SHARE OPTION PLAN – OPTION EXERCISE NOTICE

I, **[INSERT NAME]** being the registered holder of the Options specified below, elect to exercise the Options as specified below in accordance with clause 5 of the terms and conditions of the Option Plan.

Number of Options being exercised:

Name and address of the Shareholder to be entered into the Shareholders register in respect of Shares issued:

.....

.....

.....Postcode:

Enclosed with this notice is the certificate for the Options referred to above together with the relevant exercise money being **[\$[INSERT AMOUNT]]**.

In exercising the Options in relation to the Shares, I agree to be bound by the provisions of the Constitution of National Hire Group Limited.

Date:

.....

Signed by the Option holder

SCHEDULE 2

**NATIONAL HIRE GROUP LIMITED
ACN 076 688 938**

PROFORMA 2005 SHARE OPTION PLAN AGREEMENT

THIS AGREEMENT is made on 2005

BETWEEN: NATIONAL HIRE GROUP LIMITED ACN 076 688 938 (the “Company”)

AND: [Insert details of Employee/Executive] (“Employee”)

RECITALS

In recognition of the Employee’s services and commitment to the Company and to provide the Employee with an opportunity to share in the financial success of the Company, the Company offers the opportunity to the Employee to purchase [insert number] Shares in the Company in accordance with the terms and conditions of the National Hire Group Limited 2005 Share Option Plan (the “Option Plan”).

The Company and Employee agree as follows:

Capitalised terms used in this Agreement that are not defined herein shall have the same meaning as specified in the Option Plan.

1. Grant of Options

The Company grants to Employee on [insert date] (“Grant Date”), [insert number] options (“Options”) to purchase all or any part of an aggregate of [insert number] Shares in the Company, on the terms and conditions of the Option Plan which are deemed to be read and incorporated as a part of this Agreement. To the extent that there is any inconsistency between this Agreement and the Option Plan, then this Agreement shall prevail.

2. Option Price and Exercise Price

The price of the Options is nil.

The exercise price of a Share purchased pursuant to the exercise of an Option under this Agreement is [insert \$Share Price at Grant Date].

3. Exercise of Options

3.1 Subject to the earlier expiration of these Options or Accelerated Vesting under clause 6 of this Agreement, Vested Options may only be exercised commencing 36 months after the Grant Date in accordance with clause 5 of the Option Plan.

3.2 Subject to satisfaction of the performance hurdles in clause 5 of this Agreement, your Options will vest over three years from the Grant Date in accordance with the vesting table below:

Vesting Date	Maximum no of Options that may Vest at each Vesting Date
12 month anniversary following the Grant Date	[insert 33.33% x total no of options granted at Grant Date]
24 month anniversary following the Grant Date	[insert 33.33% x total no of options granted at Grant Date]

36 month anniversary following the [insert 33.33% x total no of options granted at Grant Date]
Grant Date Date]

3.3 Options may be exercised in parcels of 1,000 Options only. However, if the total number of Options held is less than 1,000, then the Options must be exercised in full.

4. Expiry Date

4.1 Subject to clauses 4.2 to 4.5 the Options whether Vested Options or not will expire five years after the Grant Date of the Options.

4.2 If Employee is dismissed with cause or has committed an act of fraud, defalcation, or gross misconduct in relation to the affairs of the Company or any related body corporate (whether or not charged with an offence):

(a) All unvested Options expire on the day the Employee ceases employment with the Company or its related body corporate; and

(b) All Vested Options expire 30 days following the date the Employee ceased employment with the Company or its related body corporate.

4.3 If Employee ceases employment with the Company or its related body corporate as a result of one of the following events happening in respect to the Employee:

(a) Death; or

(b) Permanent Disablement; or

(c) Redundancy; or

(d) Dismissal by the Company with notice in accordance with the Employee's conditions of employment, in circumstances where clause 4.2 does not apply; or

(e) Normal retirement at or after the age of 55; or

(f) Voluntary resignation by the Employee,

then:

(g) All unvested Options expire on the day the Employee ceases employment with the Company or its related body corporate; and

(h) All Vested Options expire 5 years following the Grant Date.

4.4 For the purposes of clause 4.3(a), the Employee's estate (or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Employee) may exercise any Vested Options within 5 years following the Grant Date.

4.5 For the purposes of clause 4.3(e), if Employee dies after such retirement, the Employee's estate (or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Employee) may exercise any Vested Options within 5 years following the Grant Date.

5. Performance Hurdles

5.1 The number of Options that will vest at each Vesting Date (set out in clause 3.2 of this Agreement) is subject to satisfaction of the following performance hurdles:

(a) the Company meeting its bankers financial covenants;

(b) the Company's annual earnings before interest and tax ("**EBIT**") meets or exceeds:

- (i) 10% for the First Financial Year;
- (ii) 11% for the Second Financial Year; and
- (iii) 12% for the Third Financial Year,

of the Company's Average Total Assets for the relevant Financial Year (each referred to as an "**EBIT Target**" for the relevant Financial Year).

5.2 For the purposes of clause 5.1(b), the Company will be deemed to have achieved its EBIT Target for the relevant Financial Year even if the EBIT Target was not met for that Financial Year **provided** that:

- (a) in respect to the First Financial Year, the actual EBIT achieved for the First Financial Year plus the Second Financial Year exceeds the combined EBIT Targets for those same Financial Years;
- (b) in respect to the Second Financial Year, the actual EBIT achieved for the First Financial Year plus the Second Financial Year exceeds the combined EBIT Targets for those same Financial Years;
- (c) in respect to the Third Financial Year, the actual EBIT achieved for the three Financial Years exceeds the combined EBIT Targets for those same Financial Years.

5.3 If clause 5.1(a) in this Agreement is satisfied but the EBIT targets for the relevant Financial Year are not satisfied, then the Board may in its sole discretion approve the vesting of some or all of the Options in respect to that Vesting Date.

5.4 If in respect to the relevant Vesting Date, the performance hurdles are not achieved or only partially achieved and the Board does not exercise its discretion in accordance with clause 5.3 of this Agreement, then any unvested Options in respect to that Vesting Date, shall expire 36 months after the Grant Date.

6. Accelerated Vesting

6.1 Notwithstanding the conditions for the exercise of the Options under clause 3.1 in this Agreement:

- (a) in the event of the:
 - (i) Death of Employee; or
 - (ii) Permanent Disablement of Employee; or
 - (iii) such other circumstances as the Remuneration Committee may at any time determine,

then subject to the Listing Rules, all Vested Options only will become exercisable immediately and the exercise condition contained in clause 3.1 of this Agreement shall be waived;

- (b) in the event of:
 - (i) the Company becoming aware that a person has become a 90% holder of the Shares (as determined in accordance with section 664A of the Corporations Act 2001 (Cth)) ("**Corporations Act**");

- (ii) a bidder in relation to the Shares giving notice under section 661B of the Corporations Act regarding compulsory acquisition of the Shares in the bid class;
- (iii) a bidder in relation to the Shares giving notice under section 662B of the Corporations Act regarding a buy out of the remaining holders of the Shares in the bid class;
- (iv) a person becoming a 100% holder of the Shares (as determined in accordance with section 665A(1) of the Corporations Act) through compulsory acquisitions under Part 6A.2 of the Corporations Act;
- (v) the disposal of the Company's main undertaking; or
- (vi) such other circumstances as the Remuneration Committee may at any time determine,

then subject to the Listing Rules, all Options (whether Vested Options or not) will become exercisable immediately and the exercise condition contained in clause 3.1 of this Agreement shall be waived.

7. Entire agreement

- 7.1 This Agreement, including the terms and conditions of the Plan as incorporated under clause 8, contains the entire agreement between the parties about its subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this Agreement and has no further effect.
- 7.2 This Agreement sets out the full extent of each party's obligations and liabilities in relation to its subject matter, whether in contract, tort, negligence, breach of statutory duty or otherwise.

8. Terms and Conditions

- 8.1 By signing this Agreement, you acknowledge that the terms and conditions of the Plan have been read and incorporated as part of this Agreement.
- 8.2 To the extent that there is any inconsistency between this Agreement and the Plan, then this Agreement shall prevail.

9. Definitions

For the purposes of this Agreement,

“**First Financial Year**” means the 12 month period ending 30 June [insert year];

“**Second Financial Year**” means the 12 month period ending 30 June [insert year]; and

“**Third Financial Year**” means the 12 month period ending 30 June [insert year].

10. Governing Law

This Agreement is governed by and must be construed in accordance with the laws of New South Wales.

SIGNED by)
NATIONAL HIRE GROUP LIMITED)
ACN 076 688 938)
in accordance with section 127 of the)
Corporations Act 2001:)

.....)
Signature of Director/Secretary)
.....)
Name of Director/Secretary)

.....)
Signature of Director)
.....)
Name of Director)

SIGNED by)
in the presence of:)

.....)
Witness)
.....)
Name of Witness (printed))

.....)
Signature of)