

Terms
under the
Share Incentive Programme
of
Funcom N.V.
(the “Company”)
For Management Board Members

1. General

The Company has established share incentive programmes in order to stimulate continued growth and further development of the group’s business as it is of the opinion that the option to subscribe for shares in the Company is an effective incentive for the Funcom group’s employees, board members and advisors.

This document (the “Terms for Management Board Members”) was adopted by the Remuneration Committee of the Supervisory Board on 9 December 2010 and subjected to the approval of the General Meeting of the Company on 18 May 2010. It constitutes the terms and conditions applicable to all stock options granted to the members of the Management Board who participate in the share incentive programme of the Company (each a “Participant”).

2. Grant

All options granted under the share incentive programme (the “Options”) shall be confirmed by the Company in the form of a written statement to each Participant in order to be valid. The statement must confirm the identity of the Participant, the number of Options granted and the strike price of each Option and the date of the grant. A standard form to be used for such confirmations is set out in Attachment 1 (the “Grant Letter”) hereto. For the share incentive programme to be valid, the participant’s acceptance must be documented in the form of a signature on the Grant Letter.

Each Option granted gives the Participant a right to subscribe for one share in the Company, subject to the terms and conditions of this Agreement and the Grant Letter to the Participant in question. The Participant will have an obligation that each such share be registered with VPS.

3. Vesting period and exercise period

Of the total number of Options granted to the Participant, 25% of the Options will be vested by [•], (six months after the date of the grant) and the remaining 75% of the Options will be vested by [•], (eighteen months after the date of the grant).

All (remaining) Options will expire two years after the date of the grant of the Options. The Participant may only exercise his/her Options after consultation with the Central Officer (CFO) of Funcom securing that the Participant does not possess share price sensitive information.

Subject to the approval of the General Meeting of the Company the Supervisory Board may elect to extend the exercise period.

If the Participant as a result of non-trade regulations cannot subscribe for shares in the above-mentioned period, the right to subscribe for shares shall be extended until such trade prohibition has elapsed.

The Participants shall not pay any premium for the Options. The Company may on the above-mentioned terms fully or partly offer the Participant existing shares instead of new shares.

The Company reserves the right to settle at its discretion any exercisable Options by paying an amount in cash corresponding to the difference between exercise price and the volume weighted trading price on the day after the closure of the relevant exercise window.

4. Exercise price and tax

The Participant shall pay for each share a price based on the fair market value of the shares at the time of the initial grant, which is to be determined when the initial grant is made, as set out in the Grant Letter.

“Employer’s tax” (if any) and social costs (if any) will be borne by the Company whereas corporate tax, employee’s tax and social costs (if any) on maintaining and execution of the Options will be the Participant’s responsibility.

To the extent the Company will have the primary responsibility to pay the social costs (if any), or any other tax or cost that is to be borne by the Participant pursuant to these Terms for Management Board Members, upon exercise of the Options or otherwise, the Company may in connection with the execution of the Options require that a sum equal to such primary liability is paid to the Company by the Participant. The Company will determine the timing of payment of any such primary liability.

5. Procedure for exercising the Options

Options are exercised by a written statement from the Participant to the Central Officer (CFO) of the Company, with a specification of how many options the Participant wishes to exercise/shares the Participant wishes to subscribe for.

If the Participant elects to exercise any Options, the Participant will be required to pay the exercise price to the Company within three weeks after the exercise notice was received by the Company, except in the case that the Company at its discretion elects to exercise its unilateral right to settle any Options exercised by paying an amount in cash corresponding to the difference between exercise price and the volume weighted trading price on the day after the closure of the relevant exercise window. If payment by the Participant is not made, the Participant loses the right to acquire the shares under the Options exercised. After such payment in full is registered by the Company, the Participant will receive the shares.

6. Conditions for exercise - expiry

Since the Participant is a member of the Management Board of the Company, Options exercisable, in accordance with section 3 above, at the time the Participant ceases to be a member of the Management Board, may be exercised within 6 months from that date. If the Participant ceases to be a Management Board member with notice of resignation from the Participant, or is removed or fails to be re-elected due to gross negligence, the Options shall immediately terminate and shall in no event be exercisable thereafter. The provisions of this clause 6 apply equally in case entitlement to the Options is transferred pursuant to section 7 below, notwithstanding the fact that the transferee is not a member of the Management Board.

7. Transfer of Options and shares

Options granted under the share incentive programme are not transferable, subject to the following exceptions:

- a. If the original Participant deceases, the spouse and/or children (according to the applicable inheritance law), but no other beneficiaries, will have the right to acquire the Options under the same terms and conditions as if the deceased was a Management Board member during the full vesting and exercise period, all this subject to the conditions and possible restrictions set out immediately below, or
- b. If the member of the Management Board is not permitted to acquire the Options in his or her own name, based on restrictions to that end included in any employment – in case there is such an agreement with anyone other than the Company – or similar contract to which that member of the Management Board is a party, the relevant (other) employer of the Management Board member, or relevant other contract party, will have the right to acquire the Options under the same terms and conditions as if the Management Board member was not contractually restricted to acquire the Options, all this subject to the conditions and possible restrictions set out immediately below.

In case of the occurrence of an event as described under a) above each transferee of the Options shall acquire the rights and assume the obligations of the relevant Participant by executing a copy of the Grant Letter and these Terms for Management Board Members.

In case of the occurrence of an event as described under b) above the relevant transferee of the Options shall acquire the rights and assume the obligations of the relevant Participant by executing a copy of the Grant Letter and these Terms for Management Board Members. The relevant Participant will remain jointly (with the transferee) and severally liable *vis-a-vis* the Company for the due execution of any and all obligations under and pursuant to the Grant Letter and these Terms for Management Board Members. In evidence hereof the transferee will execute a copy of these Terms for Management Board Members and the Grant Letter.

In case of the occurrence of an event as described under a) and b) above the relevant Participant and/or transferee(s), as relevant, will execute such further documentation as may be required to effectively transfer the rights and execute the assumption of the obligations of the relevant Participant.

The Central Officer (CFO) shall determine the applicability of the abovementioned exceptions and, if deemed appropriate, obtain a copy of any documents that can substantiate the overall compliance with the provisions of this section of these Terms for Management Board Members. The Central Officer shall report his findings to the Supervisory Board of the Company. The Supervisory Board may restrict or deny application of the exceptions described under a) and b) above in the best interest of the Company.

Shares acquired pursuant to an exercise of one or more Options under the share incentive programme in accordance with the provisions of the Grant Letter and these Terms for Management Board Members may freely be transferred.

8. Changes related to the Company's share capital

In the event of any changes to the Company's share capital, the number of Options and the subscription price at which each Option is exercisable shall be adjusted to the extent required to preserve the value of the Options, within 3 months from the effective date of registration of the changes to the Company's share capital in the Company's shareholders register. The rules applicable at any time to standardised options/warrants traded on the Oslo Stock Exchange shall apply analogously to the extent appropriate, but only for that purpose.

In the event the Company shall merge as a disappearing entity into another company, 50% of the Participant's Options that have been granted but not yet vested, shall vest immediately. The remaining unvested Options shall be vested according to the original plan with market price similar to the trade price at the time of the merger, unless the Participant and the surviving company agree to a new option scheme in the surviving company to replace these Terms for Management Board Members.

The same shall apply in the event that any person through an offer to acquire shares in the Company for consideration in the form of shares in another company acquires such number of shares in the Company that such persons after completion of the offer is the owner of more than 50% of the outstanding share capital of the Company.

9. Validity clause

Each Participant must elect to have his shares publicly traded, he/she must therefore make arrangements with a VPS registrar. The VPS Registrar must be given the necessary power of attorney so that it becomes the legal owner of the shares and the Participant is the beneficial owner of the shares.

All Options proposed to be granted to Management Board members by the Supervisory Board are subject to approval of the grant by the General Meeting of the Company.

10. Governing law

These Terms for Management Board Members and the rights and obligations arising hereunder shall be governed, construed and enforced in accordance with the laws of Norway.

11. Dispute resolution

Any claim, conflict or disagreement in connection with these Terms for Management Board Members, the Grant Letter or the share incentive programme shall be solved according to Norwegian law, with Oslo tingrett as the legal venue.

Attachment 1

Grant of stock options

in

Funcom N.V.

The Extraordinary General Meeting of Funcom N.V. has established a share incentive programme in order to stimulate continued growth and further development of the Company's business, and approved the allocation to Management Board members in the Company of options to subscribe for shares.

We hereby confirm that _____ has been granted a total of xx.000 options to subscribe for shares in the Company, with each option representing a right to subscribe for one share. The options are granted subject to the "Terms under the Share Incentive Programme of Funcom N.V. for Management Board members". These terms and conditions are attached to this letter.

The exercise price per share shall be based on the average volume weighted price on the Oslo Stock Exchange on the five trading days preceding and the five trading days following [_____], which is the date when the options were initially granted.

All (remaining) Options will expire two years after the date of the grant of the Options. The Participant may only exercise his/her options after consultation with the Central Officer (CFO) of Funcom securing that the Participant does not possess share price sensitive information. Options are exercised by a written statement to the Company's Central Officer, with a specification of the number of Options to be exercised/shares that will be subscribed for.

Zürich,

Funcom N.V.

Accept of grant

I, _____, hereby accept the grant of options to subscribe for shares in the Company. I am familiar with the standard terms and conditions of the share incentive program of the Company, and accept that the Options are granted subject to these terms and conditions.

Name:

Date/place: