

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	2012		2011	
	Average exercise price \$ per share	Options '000	Average exercise price \$ per share	Options '000
Balance at beginning of year	2.1333	1,074	2.1333	1,120
Issued	-	-	-	-
Forfeited	2.1333	(118)	2.1333	(46)
Balance at end of year	2.1333	956	2.1333	1,074

Share options outstanding at the end of the year have the following expiry date, exercise dates and exercise prices.

First Vesting Month	Last Vesting Month	Exercise Price	2012 '000	2011 '000
October 2010	October 2013	\$2.1333	319	358
October 2011	October 2013	\$2.1333	319	358
October 2012	October 2013	\$2.1333	318	358
			956	1,074

Executive and Senior Management Long Term Incentive Plan 24 November 2010

On 24 November 2010, shareholders approved at the Annual General Meeting the establishment of an Employee Long Term Incentive Plan (LTI) to grant performance rights to Executive Directors, Key Management Personnel and other Senior Management. Performance rights will vest subject to the satisfaction of performance conditions which will be different for Executive Directors as compared with the Key Management Personnel and Senior Management.

Executive Directors and Key Management Personnel

Performance rights granted to Executive Directors and six Key Management Personnel are summarised below:

Grant Date	Balance at start of year Number	Granted during the year Number	Vested during the year Number	Lapsed during the year Number	Balance at the end of year Number
30 Nov 2011*	-	221,920	-	-	221,920
29 Nov 2010	374,292	-	-	(29,775)	344,517
	374,292	221,920	-	(29,775)	566,437

* Performance Rights in 2011 only granted to Executive Directors.

The performance rights will vest in three equal tranches. In each tranche 50% of the rights are subject to a relative Total Shareholder Return (TSR) hurdle and the remaining 50% are subject to an EPS growth hurdle.

The proportion of rights subject to the relative TSR hurdle is dependent on Kathmandu Holdings Limited's TSR performance relative to a defined comparable group of companies in New Zealand and Australia listed on either the ASX or NZX, and with market capitalisation indicatively in a range between 300% and 45% of Kathmandu Holdings Limited market capitalisation. The percentage of TSR related rights vest according to the following performance criteria:

Kathmandu Holdings Limited relative TSR ranking	% Vesting
Below the 50 th percentile	0%
50 th percentile	50%
51 st – 74 th percentile	50% + 2% for each percentile above the 50 th
75 th percentile or above	100%