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CHA 248

COMPANIES FORM No. 123

**Notice of increase
in nominal capital**²
123Please do not
write in
this margin

Pursuant to section 123 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering* insert full name
of companyTo the Registrar of Companies
(address on page 2)

For official use

Company number

119609

Name of company

*
HAMBROS PLC§ the copy must be
printed or in some
other form approved
by the registrar

gives notice in accordance with section 123 of the above Act that by resolution of the company
dated 11 May 1998 the nominal capital of the company has been
increased by £258,923,726.53 beyond the registered capital of £202,000,000

A copy of the resolution authorising the increase is attached. §

The conditions (eg. voting rights, dividend rights, winding-up rights etc.) subject to which the new
shares have been or are to be issued are as follows:

The 95,000,000 A ordinary shares of 0.1p each, the 1,300,000,000
B ordinary shares of 19.9p each and the 128,726,530 7.5p
cumulative convertible redeemable preference shares of 0.1p each
have the respective rights and are subject to the respective
restrictions set out in paragraph (G) of Special Resolution 1
passed at the Extraordinary General Meeting of 11 May 1998 a copy
of which resolution is attached to this form

Please tick here if
continued on page 2† insert
Director,
Secretary,
Administrator,
Administrative
Receiver or
Receiver
(Scotland) as
appropriate

Signed

Designation

P. L. Patrick, BA FCA
Secretary

Date 1.7.98

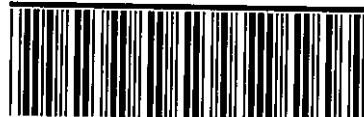
Presentor's name address and
references (if any):

Norton Rose
Kempson House
Camomile Street
London EC3A 7AN

RCMR/75/Z848971

For official Use
General Section

Post room

KLO *K1KK17KH* 663
COMPANIES HOUSE 03/07/98

No. 119609

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTIONS

of

HAMBROS PLC

Passed 11 May 1998

At an Extraordinary General Meeting of the above-named Company, duly convened and held on 11 May 1998, the following Resolutions were duly passed as Special Resolutions.

SPECIAL RESOLUTIONS

- 1 THAT, notwithstanding anything to the contrary contained in the Articles of Association of the Company and subject to (a) the passing as a special resolution of resolution 2 set out in the Notice of Extraordinary General Meeting of the Company contained in the circular dated 17 April 1998 addressed to, inter alios, the Members of the Company ("the Circular"), (b) the passing as extraordinary resolutions of the resolutions set out in the Notices contained in the Circular convening separate meetings of the holders of ordinary shares of 20p each in the Company ("ordinary shares"), the holders of 7.5 per cent. cumulative convertible redeemable preference shares of £1 each in the Company ("£1 convertible preference shares") and the holders of non-voting shares of £1 each in the Company ("non-voting shares") and (c) dealings in the issued A ordinary shares of 0.1 p each resulting from the sub-division and reclassification of ordinary shares referred to in paragraph (D) of this resolution and the conversion of £1 convertible preference shares referred to in paragraph (E) of this resolution and subject to the expected aggregate market value of the shares of that class calculated to be issued as a result of the conversion of £1 convertible preference shares pursuant to paragraph (F) of this resolution being in the opinion of the

Directors not less than £700,000, the issued 7.5p cumulative convertible redeemable preference shares of (0.1p each resulting from the conversion of £1 convertible preference shares referred to in paragraph (F) of this resolution on the official List of London Stock Exchange Limited commencing no later than 15 June 1998 (or such later date, being no later than 30 September 1998 as the Directors may determine):

- (A) the authorised share capital of the Company be and is hereby increased from £202,000,000 to £460,923,726.53 by the creation of 95,000,000 A ordinary shares of 0.1p each ("A shares"), 1,300,000,000 B ordinary shares of 19.9p each ("B shares") and 128,726,530 7.5p cumulative convertible redeemable preference shares of 0.1p each ("0.1p convertible preference shares") having the respective rights and being subject to the respective restrictions set out in paragraph (G) of this resolution;
- (B) the Directors be and are hereby generally and unconditionally authorised, pursuant to section 80 of the Companies Act 1985 (the "Act"), to exercise all powers of the Company to allot A shares, B shares and 0.1 p convertible preference shares up to an aggregate nominal amount of £252,000,000, provided that the authority hereby conferred shall expire on 30 September 1998 and so that such authority shall be additional to, and without prejudice to the unexercised portion of, any authorities and powers granted to the Directors pursuant to any resolution passed prior to the date of this resolution;
- (C) the Directors be and are hereby empowered pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority given in accordance with section 80 of the Act by paragraph (B) of this resolution as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall expire on 30 September 1998 and be limited to the allotment of equity securities in connection with the conversion of the £1 convertible redeemable preference shares in accordance with paragraphs (E) and (F) of this resolution;
- (D) each of the ordinary shares (whether issued or unissued) be and is hereby subdivided into and reclassified as one A share and one B share;
- (E) those £1 convertible preference shares in respect of which the holders thereof shall have validly elected (either by delivery of a conversion notice (as defined in the Circular and referred to herein as a "Conversion Notice") or otherwise in accordance with the instructions contained in Part II of the Circular) to convert such shares into A shares and B shares on the basis set out in Part II of the Circular ("Elected Shares") be and are hereby converted into A shares and B shares at the rate of 0.3817 A shares and 0.3817 B shares for each Elected Share (the "Conversion Rate") and, to enable such conversion to be effected, the Directors be and are hereby irrevocably authorised and instructed (a) to redeem all the Elected Shares at par out of the profits of the Company available for distribution and (b) to apply the redemption proceeds in subscribing (on behalf of each holder of Elected Shares) for the appropriate numbers of A shares and B shares at the Conversion Rate at such premium as shall represent the amount by which the aggregate redemption moneys in

respect of the Elected Shares held by each such holder exceeds the aggregate nominal amount of the A shares and the B shares to which such holder is so entitled, such A shares and B shares to rank *pari passu* in all respects with the respective A shares and B shares resulting from the sub-division and reclassification pursuant to paragraph (D) of this resolution, including the right to receive all dividends and other distributions declared, paid or made on or in respect of such shares, and, for the purposes of this paragraph, the rights of the £1 convertible preference shares shall be deemed to have been varied or abrogated in such manner and to such extent as may be required to permit conversion of the Elected Shares in the manner aforesaid and without prejudice to the generality of the foregoing the rights of the £1 convertible preference shares shall be deemed to confer on their holders the right and obligation, in the event that such shares become Elected Shares and the Directors redeem the same, to subscribe for the appropriate numbers of A shares and B shares on the terms aforesaid and the Conversion Notice given by a holder of Elected Shares shall be deemed irrevocably to have authorised and instructed the Directors to apply the redemption moneys payable to such holder in subscribing for A shares and B shares at such premium as aforesaid, Provided always that any fractions of A shares and B shares arising on conversion of Elected Shares shall not be allotted to the holders of the Elected Shares otherwise entitled thereto, but such fractions, so far as possible, shall be aggregated and the resulting A shares and B shares sold on behalf of such holders at the best price reasonably obtainable and the net proceeds of sale distributed *pro rata* among such holders unless, in respect of any holding of Elected Shares, the amount to be distributed would be less than £3.00, in which case such amount shall not be so distributed but shall be retained for the benefit of the Company and, for the purpose of implementing the aforesaid provisions, the Directors may appoint some person to execute transfers or renunciations on behalf of persons otherwise entitled to any such fractions and generally may make all arrangements which appear to them necessary or appropriate for the settlement and disposal of fractional entitlements;

- (F) those £1 convertible preference shares in respect of which the holders thereof shall not have validly elected (either by delivery of a Conversion Notice or otherwise in accordance with the instructions contained in the Circular and such notice) to convert such shares into A shares and B shares on the basis set out in Part II of the Circular ("Non-Elected Shares") be and are hereby converted into 0.1p convertible preference shares at the rate of one 0.1p convertible preference share for each Non-Elected Share and, to enable such conversion to be effected, the Directors be and are hereby irrevocably authorised and instructed (a) to redeem all the Non-Elected Shares at par out of the profits of the Company available for distribution and (b) to apply the redemption proceeds in subscribing (on behalf of the holders of the Non-Elected Shares) for 0.1p convertible preference shares at the rate of one 0.1p convertible preference share for each Non-Elected Share at a subscription price of £1 for each 0.1p convertible preference share and, for the purposes of this paragraph, the rights of the £1 convertible preference shares shall be deemed to have been altered and modified in such manner and to such extent

as may be required to permit conversion of the Non-Elected Shares in the manner aforesaid and without prejudice to the generality of the foregoing the rights of the £1 convertible preference shares shall be deemed to confer on their holders the right and obligation, in the event that such shares become Non-Elected Shares and the Directors redeem the same, to subscribe for the appropriate number of 0.1p convertible preference shares on the terms aforesaid;

- (G) (i) subject to the special rights of the 0.1p convertible preference shares and the non-voting shares, (and save as otherwise provided herein) A shares and the B shares shall together carry the right to receive all the profits of the Company available for distribution so far as resolved to be distributed and on a return of assets on winding-up to receive all the surplus assets of the Company available for distribution to the members of the Company;
- (ii) as between the A shares and the B shares, the respective special rights, privileges and restrictions attaching to such shares shall be as follows:
 - (a) A shares
 - 1) The A shares shall have no right to participate in any dividends or other distributions received by the Company attributable to the B Assets (as defined in sub-paragraph (ii)(b)(1) of this paragraph (G)) or (unless and until the rights of the holders of the B shares have been satisfied in full) in any distribution of the B Assets on a return of assets (whether on repayment of capital, winding up or otherwise).
 - 2) Save as provided in sub-paragraphs (ii)(a)(1) and (4) of this paragraph (G) and subject to the special rights of the 0.1p convertible preference shares and the non-voting shares, the A shares shall be entitled to receive all the profits of the Company available for distribution so far as resolved to be distributed and on a return of assets on winding-up to receive all the surplus assets of the Company available for distribution to the members of the Company.
 - 3) On cancellation of all the B shares for the time being in issue any A shares then in issue shall automatically be redesignated as "ordinary shares of 0.1p each" without any requirement to alter or substitute then existing certificates in respect of the A shares.
 - 4) Notwithstanding anything in the foregoing, no holder of A shares shall be entitled as such to participate in the capitalisation of the share premium account proposed to be effected pursuant to paragraph (I) of this resolution.
 - (b) B Shares

- 1) For the purposes of this sub-paragraph (b), the expression "B Assets" shall mean the issued and fully paid ordinary shares of 5p each in Hambro Countrywide PLC ("Hambro Countryside Shares") owned by the Company as at the Record Date (as defined in paragraph (I) of this resolution) or for the time being and any consideration (including without limitation consideration in the form of shares in another body corporate) given in return for any disposal of the whole or any part of the B Assets by the Company.
- 2) On a distribution by way of dividend or otherwise, the holders of the B shares shall (subject as provided in (8) below and subject to the special rights attaching to any class of share) have the right to receive (rateably according to the number of such shares held by such holders), so far as may be permitted by law, all dividends and other distributions received by the Company attributable to the B Assets (net of any liabilities relating thereto, including, without limitation, any liability to taxation), to the exclusion of the holders of any other class of shares in the capital of the Company. Save as aforesaid, the holders of the B shares shall have no right to participate in the profits of the Company available for distribution by virtue of their holdings of such shares.
- 3) On a return of assets (whether on repayment of capital, winding-up or otherwise), the holders of the B shares shall (subject as provided in (7) and (8) below but subject to any special rights attaching to any shares ranking in priority thereto or *pari passu* therewith) have the right to receive (so far as practicable, rateably according to the number of such shares held by such holders) the amount credited as paid up thereon to be paid exclusively out of the B Assets free from all liens, charges and encumbrances and together with all rights attached thereto (net of any liabilities relating thereto, including, without limitation, any liability to taxation), to the exclusion of the holders of any other class of shares in the capital of the Company. Save as aforesaid, the holders of the B shares shall have no right to participate in the assets or capital of the Company by virtue of their holdings of such shares.
- 4) Save for the purpose specified in the proviso to paragraph (E) of this resolution and the purpose specified in the proviso to paragraph (B) of resolution 2 set out in the Notice of Extraordinary General Meeting contained in the Circular, the B shares shall not be transferable at any time prior to 20 June 1998 (or such later date, being not later than 3 September 1998, as the Directors shall determine), but thereafter shall be freely transferable in accordance with the Articles of Association of the Company.
- 5) The Company shall not be obliged before 20 June 1998 (or such later date, being not later than 30 September 1998, as the Directors shall determine) to issue to any holder of B shares a definitive certificate in respect of any B shares held by him.

- 6) The B shares shall not confer on the holders thereof any right to receive notice of, or to attend and/or vote at, any general meeting of the Company, but shall confer on each holder thereof a right to receive notice of, and to attend and vote (on the basis of one vote, if present in person or by corporate representative, on a show of hands, and, on a poll, if present in person or by corporate representative or by proxy, one vote for each B share held by him) at, any separate meeting of the holders of the B shares.
- 7) Subject to the Act and any statutory modification or re-enactment thereof for the time being in force and every other Act for the time being in force concerning companies and affecting the Company, the Company may by special resolution reduce its share capital by cancelling all the B shares for the time being in issue and (without limitation) may effect such reduction by the repayment of each of such shares, such repayment to be satisfied by the transfer by the Company to the holders of such B shares of whichever is the lesser of either all the Hambro Countrywide Shares owned by the Company on the day on which such reduction becomes effective or such number of Hambro Countrywide Shares as shall, so far as practicable, have a value (determined by reference to the middle market quotation for Hambro Countrywide Shares for the dealing day immediately preceding the day on which such reduction becomes effective as derived from the Stock Exchange Daily Official List) equal to the nominal value of the B shares cancelled ("the Hambro Countrywide Reduction Shares"), which shares shall be transferred to such holders, so far as practicable, rateably according to the number of B shares held by such holders.
- 8) The rights, limitations and restrictions attaching to the B shares shall not be, and shall be deemed not to be, varied or abrogated in any way by the passing or coming into effect of any special resolution of the Company to reduce or cancel share capital (including, without limitation, a special resolution to reduce the capital paid up on or to cancel the B shares).
- 9) The holders of the B shares shall not have any right to receive the whole or any part of any dividend or other distribution declared, paid or made by Hambro Countrywide PLC in respect of the year ended 31 December 1997 or in respect of any prior period.
- (ii) the special rights, privileges and restrictions attaching to the 0.1p convertible preference shares shall be as follows (references to paragraphs being to paragraphs of this paragraph (G)(iii) and save as herein otherwise expressly provided, references to words and phrases defined in or for the purposes of the Articles of Association of the Company shall be to such definitions):

- 1) **Income**

Subject to paragraph 3(j), the holders of the 0.1p convertible preference shares shall be entitled to be paid thereon out of the profits available for distribution by way of dividend and so far as resolved to be distributed in respect of each financial year or other accounting reference period of the Company ("accounting period") a fixed cumulative preferential dividend ("preferential dividend") at the rate of 7.5p per annum (exclusive of the amount of any imputed tax credit available to shareholders) (subject to paragraph (8)) in priority to any payment of dividend to the holders of any class of shares for the time being in issue. The preferential dividend shall be payable half-yearly in equal amounts on 1 April and 1 October (each a "fixed dividend date") (or, in the event of any such date being a Saturday or Sunday or a day which is a public holiday in England, on the next day which is not such a day) in each year in respect of the half year ending on those respective dates, save that the first such dividend in respect of each 0.1p convertible preference share shall be paid on 1 October 1998 in respect of the period from 1 April 1998 up to 1 October 1998 (both dates inclusive), calculated on a daily basis, notwithstanding that the 0.1p convertible preference shares shall not have been in issue on 1 April 1998. Payments of the preferential dividend shall be made to holders on the Register at any date selected by the Board up to 42 days prior to the relevant fixed dividend date. Subject only to the right to convert, or to be treated as if converted, into A shares pursuant to paragraphs (3), (6)(c) or 6(d), the holders of the 0.1 convertible preference shares shall not be entitled to any further or other right to participate in the profits of the Company.

2) **Capital**

- (a) Subject to paragraph (6)(d), on a return of capital on a winding-up, out of the assets of the Company available for distribution to its members, subject to any provision made under section 719 of the Act, the holders of the 0.1p convertible preference shares shall be entitled (subject to paragraph (8) and subject to the repayments of capital the subject of resolution 2 set out in the Notice of Extraordinary General Meeting contained in the Circular), in priority to any payment to the holders of any other class of shares for the time being in issue, to the repayment of the sum of £1 for each 0.1p convertible preference share held by them respectively and a sum equal to all arrears and accruals (if any) of the preferential dividend thereon whether or not such dividend has been earned or declared, calculated down to the date of the commencement of the winding-up

(within the meaning of section 86 or 129 (as applicable) (of the Insolvency Act 1986). The holders of the 0.1p convertible preference shares shall not be entitled to any further or other right to participate in the assets of the Company.

(3) **Conversion**

- (a) Each holder of 0.1p convertible preference shares shall be entitled at the times and in the manner set out in (and subject to the provisions of) this paragraph (3) to convert all or any of his 0.1p convertible preference shares into fully paid A shares at the rate (subject to adjustment as provided in paragraph (3)(n)) determined in accordance with the following formula:

$$A = 0.3817 \times \frac{B}{B - C}$$

where:

A is the number of A shares to be issued for each 0.1p convertible preference share;

B is the average of the middle market quotations (expressed in pence) derived from the Stock Exchange Daily Official List for one ordinary share during the period of five consecutive days ending on the business day immediately preceding 17 April 1998; and

C is the value (expressed in pence) of the Hambro Countrywide Reduction Shares (as defined in, and determined in accordance with paragraph (G)(ii)(b)(7) of this resolution) as at the day immediately preceding the cancellation and repayment of the B shares divided by the number of A shares in issue at that time.

(such rate as adjusted from time to time being herein called "the Conversion Rate"), provided that if a Conversion Notice (as defined in paragraph (3)(c)) is given in respect of part only of a holding of convertible preference shares so that there would, following conversion, remain a number of 0.1p convertible preference shares in that holding smaller than that required to convert into one A share at the Conversion Rate then applicable, then such Conversion Notice shall be deemed to relate to the whole of such holding and all the 0.1p convertible preference shares in that holding shall be converted notwithstanding the figure inserted in the Conversion Notice.

- (b) For the purpose of this paragraph (iii), a "Conversion Date" shall (subject to paragraphs (3)(l) and (6)(c)) be 31st August in each of the years 1998 and 1999 (the "last Conversion Date") unless in either such year the Accounts of the Company's last preceding accounting period shall not have been audited and sent to the holders of the 0.1p convertible preference shares by 3 August in such year, in which case the Conversion Date for that year (and, as the case may be, the last Conversion Date) shall be the date falling 28 days after the date on which such Accounts are so despatched, provided always that if any Conversion Date would otherwise fall on a Saturday or Sunday or a day which is a public holiday in England, such Conversion Date shall be the date of the next day which is not such a day.
- (c) The conversion rights shall be exercisable on any Conversion Date by completing the notice of conversion endorsed on the share certificate relating to the 0.1p convertible preference shares to be converted or a notice in such other form as the Board may from time to time prescribe in lieu thereof (in each case a "Conversion Notice") and (subject to paragraph (6)(c)) lodging the same with the Registrars at any time during the period of 28 days ending on the Conversion Date (such period being a "Conversion Period") together with such other evidence (if any) as the Board may reasonably require to prove the title and claim of the person exercising such right to convert. A Conversion Notice once lodged may not be withdrawn without the consent in writing of the Company. The Company shall not less than 28 days nor more than 56 days prior to each Conversion Date give to the holders of the 0.1p convertible preference shares notice in writing reminding them of their right to convert and stating the applicable Conversion Rate and, if relevant, the additional information stipulated in paragraph (3)(n)(v). Such notice may (subject to compliance with the period within which such notice is required to be given) accompany or form part of the document containing the Accounts for the relevant accounting period and shall give the name and address of the Registrars and shall also, if the Board have prescribed some form of Conversion Notice different from that endorsed on the certificates relating to the 0.1p convertible preference shares, be accompanied by a copy of the Conversion Notice so prescribed.
- (d) Conversion of such 0.1p convertible preference shares as are due to be converted as aforesaid on any Conversion Date (such shares being called in this paragraph (iii) "Relevant Shares") shall be effected in such manner as the Board may determine and as the law may allow and in particular, but without

prejudice to the generality of the foregoing, may be effected in accordance with the following provisions.

- (e) To enable conversion to be effected, the Board may determine that the Relevant Shares should be converted into A shares by way of consolidation, reclassification and sub-division in accordance with this sub-paragraph (e), in which event the following provisions shall apply and the requisite consolidation, reclassification and sub-division shall take effect pursuant to the authority given by the passing of the resolution to create the 0.1p convertible preference shares. On the Conversion Date all the Relevant Shares shall be consolidated into one share and sub-divided and reclassified into:
- (i) such integral number of A shares as shall be equal in total nominal amount to the total nominal amount of the A share capital into which the Relevant Shares are required to be converted (fractions being disregarded); and
 - (ii) (as to the balance) such number of shares of 0.1p each (which shall be designated Special Redeemable Shares), having the rights and being subject to the restrictions set out in sub-paragraph (f) below, as equals the amount expressed in pence by which the nominal amount of the consolidated shares exceeds the total of the nominal amounts of the A shares referred to in (i) above of this sub-paragraph (e) and any fractions derived from such sub-division.

The consolidation, reclassification and sub-division shall be effected so that each holder of Relevant Shares whose shares are consolidated and sub-divided shall as a result thereof hold such whole number of A shares as shall be equal to the number of A shares to which he was entitled on conversion of his Relevant Shares. If he becomes entitled to a fraction of an A share, the Board shall on his behalf aggregate such fraction with any other fractions arising as a result of the same consolidation and sub-division and sell the whole A shares representing fractions. The provisions of sub-paragraph (i) below shall apply *mutatis mutandis*. If any fractions of an A share would remain notwithstanding such aggregation, the same shall be sub-divided into the appropriate number of Special Redeemable Shares of 0.1p each and the Board shall have full power to determine as it thinks fit the holding to which such fractions relate.

- (f) Special Redeemable Shares shall (i) not entitle their holders to receive any dividend or other distribution, (ii) not entitle their holder to receive notice of or to attend or vote at any General Meeting of the Company, (iii) entitle their holders to the repayment of the nominal amount paid up on such shares on a return of assets on a winding-up of the Company after payment of £100,000 in respect of each A share but shall not otherwise entitle the holders thereof to receive or participate in any property or assets of the Company. The conversion of any share into Special Redeemable Shares shall be deemed to confer on the Company irrevocable authority at any time thereafter (A) to appoint a person on behalf of any holder of Special Redeemable Shares to enter into an agreement to transfer, and to execute a transfer of, the Special Redeemable Shares without any payment being made in respect thereof other than 1p for all the Special Redeemable Shares then purchased from all the holders thereof, to such person as the Board may determine as the Custodian thereof, (B) to cancel and/or purchase the same (in accordance with the provisions of the Statutes) without making any payment (other than as aforesaid) to, or obtaining the sanction of, the holder or holders thereof and (C) pending any such transfer or cancellation or purchase to retain the certificates for such shares. The Company may (subject to the Statutes) at its option at any time after the creation of any Special Redeemable Shares redeem all of the Special Redeemable Shares then in issue at a price not exceeding 1p for all the Special Redeemable Shares from all the holders thereof upon giving to the registered holders not less than 28 days' previous notice in writing of its intention so do to and fixing a time and place for such redemption, at the time and place so fixed the registered holders shall be bound to surrender to the Company the certificates for their Special Redeemable Shares (save to the extent that they shall have been retained by the Company) in order that the same may be cancelled and the Company shall pay the redemption moneys of 1p to one of the registered holders to be selected by lot.

Upon redemption or purchase of any Special Redeemable Shares pursuant to this sub-paragraph (f) the Board may, pursuant to the authority given by the passing of the resolution to create the convertible preference shares, consolidate and/or sub-divide and/or convert the authorised non-voting special redeemable share capital existing as a consequence of such redemption into shares of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of a like nominal amount (as nearly as may be) to the share of such class then in issue or into unclassified

shares of the same aggregate nominal amount as the Special Redeemable Shares.

- (g) To enable conversion to be effected, the Board may, if duly authorised to allot such shares in accordance with the requirements of the Statutes and of these Articles, determine to redeem the Relevant Shares on the Conversion Date at £1 per share out of profits of the Company, which would otherwise be available for distribution. The 0.1p convertible preference shares confer on their holders the right and obligation, in the event that they become Relevant Shares and that the Board determine to redeem the same out of such profits of the Company, to subscribe in accordance with this sub-paragraph (g) for the appropriate number of A shares at the Conversion Rate at such premium (if any) as shall represent the amount by which the redemption moneys in respect of the Relevant Shares exceed the total nominal amount of the A shares to which the holders are so entitled. In any such case such Conversion Notice given by or relating to a holder of Relevant Shares shall be deemed irrevocably to have authorised and instructed the Board to apply the redemption moneys payable to him in subscribing for such A shares at such premium (if any) as aforesaid.
- (h) To enable conversion to be effected, the Board may, if duly authorised to allot such A shares in accordance with the requirements of the Statutes and of these Articles, determine to redeem the Relevant Shares on the Conversion Date in accordance with the provisions of this sub-paragraph (h) at £1 per share out of the proceeds of a fresh issue of shares to the holders of the Relevant Shares, in which case the Conversion Notice given by a holder of Relevant Shares shall be deemed:
 - (i) to have appointed any person selected by the Board as such holder's agent with authority to apply an amount equal to the redemption moneys in respect of his Relevant Shares in subscribing and paying on his behalf for the number of A shares into which his Relevant Shares are required to be converted at the applicable Conversion Rate (which authority shall include the right to borrow money); and
 - (ii) to have authorised and instructed the Board following the allotment of such A shares to pay the said redemption moneys to such agent who shall be entitled to the same for his own benefit without being accountable therefore to such holder.

The 0.1p convertible preference shares confer upon their holders the right and obligation, in the event that such shares become Relevant Shares and that the Board determines to redeem the same in accordance with this sub-paragraph (h), to subscribe in accordance with this sub-paragraph (h) for the appropriate number of A shares at the applicable Conversion Rate at such premium (if any) as shall represent the amount by which the redemption moneys in respect of the Relevant Shares exceed the total nominal amount of the A shares to which they are entitled.

- (i) Any fractions of A shares arising on conversion shall not be allotted to the holders of the Relevant Shares otherwise entitled thereto, but (if any such arrangement can be made) such fractions shall be aggregated and sold on behalf of such holders at the best price reasonable obtainable and the net proceeds of sale distributed *pro rata* among such holders unless, in respect of any holding of Relevant Shares, the amount to be distributed would be less than £3.00 (or such greater amount as The Stock Exchange may from time to time permit so to be retained), in which case such amount shall not be so distributed but shall be retained for the benefit of the Company. For the purpose of implementing the provisions of this paragraph (3)(i), the Board may appoint some person to execute to any such fractions and generally may make all arrangements which appear to it necessary or appropriate for the settlement and disposal of fractional entitlements.
- (j) The preferential dividend on any 0.1p convertible preference shares converted (whatever the manner of conversion) shall cease to accrue with effect from the fixed dividend date last preceding the relevant Conversion Date but the holders shall be entitled to all arrears of dividend accrued to that date. The A shares resulting from the conversion shall carry the right to receive all dividends and (unless an adjustment shall have been made in respect thereof pursuant to paragraph (3)(n)) other distributions declared, paid or made on the A share capital of the Company in respect of the accounting period of the Company in which the applicable Conversion Date falls, but not in respect of any accounting period of the Company ended prior to the applicable Conversion Date, and shall otherwise rank *pari passu* in all respects with the A shares then in issue and fully paid.
- (k) Allotments of A shares resulting from conversion shall be effected within 14 days after the relevant Conversion Date. Within 28 days after the relevant Conversion Date, the Company shall forward to each holder of Relevant Shares by

ordinary post, at his own risk, free of charge, a definitive certificate for the appropriate number of fully paid A shares and a new certificate for any unconverted 0.1p convertible preference shares comprised in the certificate(s) surrendered by him, together (where relevant) with a cheque in respect of any cash entitlement arising from the sale of fractions. Pending the despatch of certificates therefore, transfers of A shares arising from conversion shall be certified against the Register.

- (l) If immediately after any Conversion Date 75 per cent. or more of the 0.1p convertible preference shares (including any further 0.1p convertible preference shares) at any time issued shall have been converted, the Company shall be entitled (but shall not be required) not later than 28 days after such Conversion Date (or any subsequent Conversion Date) to give to the holders of the 0.1p convertible preference shares which have not been converted (and which remain capable of conversion) not less than 28 nor more than 56 days' notice in writing to convert and on the date of expiry of such notice the holders of the 0.1p convertible preference shares shall be treated as having exercised the right to convert in respect thereof and the provisions relating to conversion shall apply *mutatis mutandis* as if the date of the expiry of the notice were a Conversion Date and such 0.1p convertible preference shares were Relevant Shares in respect of which a Conversion Notice had been given for the purpose of this sub-paragraph 3(l).
- (m) The Company shall use all reasonable endeavours to procure that the A shares resulting from conversion are admitted to the Official List of The Stock Exchange at the earliest practicable date following conversion and, if the A shares are at the time of any such conversion listed on any other stock exchange, to obtain a listing for the A shares of the Company resulting from conversion on each such other stock exchange. References in this paragraph (3)(m) and in paragraph (3)(n)(iv) and (4)(i) to The Stock Exchange shall, if the A shares are not listed thereon, mean any other stock exchange on which the A shares are then listed or quoted (or, if more than one such other stock exchange, that stock exchange which the Company shall designate to be the principal stock exchange) and references to The Stock Exchange Daily Official List shall be to the nearest equivalent publication showing the market prices for the A shares quoted on such stock exchange (or principal stock exchange).
- (n) The Conversion Rate shall from time to time be adjusted in accordance with the following provisions of this paragraph (3)(n) subject always to paragraph (6)(b):

- (i) If, while any 0.1p convertible preference shares remain capable of being converted into A shares, the Company shall make any issue of A shares by way of capitalisation of profits or reserves (including any share premium account and capital redemption reserve) to the holders of A shares, then the number of A shares to be issued on any subsequent conversion of 0.1p convertible preference shares, and accordingly the Conversion Rate, shall be increased *pro rata*, such increase to become effective as at the record date for such issue, provided that no adjustment shall be made in the event of an issue of shares by way of capitalisation of profits or reserves in lieu of cash dividends.
- (ii) If, while any 0.1p convertible preference shares remain capable of being converted into A shares, the A shares shall be consolidated or sub-divided, then the number of A shares to be issued on any subsequent conversion of 0.1p convertible preference shares, and accordingly the Conversion Rate, shall be reduced or increased *pro rata* accordingly, such reduction or increase to become effective immediately after the consolidation or sub-division.
- (iii) If, while any 0.1p convertible preference shares remain capable of being converted into A shares, the Company shall make any Capital Distribution (which phrase shall exclude for the purposes of the rights attaching to the 0.1p convertible preference shares any Capital Distribution involved in either the proposed capitalisation of the share premium account or the proposed reductions of capital being respectively the subject of paragraph (I) of this resolution and resolution 2 as set out in the Notice of Extraordinary General Meeting contained in the Circular) to the holders of A shares, then, subject as provided in paragraph (6)(b) the number of A shares to be issued for each 0.1p convertible preference share subsequently converted shall be adjusted by multiplying such number of A shares by the following fraction:

$$\frac{D}{D - E}$$

where:

D is the Current Market Price per share at the date on which the Capital Distribution is first publicly announced; and

E is the fair market value on the day of such announcement, as determined in good faith by a merchant bank or stockbroker in the City of London (acting as an expert and not as an arbitrator) selected by the Board, of the portion of the Capital Distribution attributable to one A share.

Such adjustment shall become effective as at the record date for the Capital Distribution. The provisions of this paragraph (3)(n)(iii) shall not apply to any offer which falls within paragraph (3)(n)(iv).

- (iv) If, while any 0.1p convertible preference shares remain capable of being converted into A shares, the Company shall offer to holders of the A shares as a class new A shares by way of rights at a price which is less than the Current Market Price per share at the date of the announcement of the terms of the offer, then (except where the Conversion Rate falls to be adjusted under (3)(n)(i)) and subject to the provisions of paragraph (6)(b), the number of A shares to be issued for each 0.1p convertible preference share subsequently converted shall be increased by an amount (expressed in pence) equal to:

$$\frac{X \times Z}{Y + Z}$$

where:

X is the nominal amount (expressed in pence) of the new A shares (including fractions thereof) which would have been offered to a holder of each 0.1p convertible preference share had his conversion rights been exercisable and exercised in full immediately before the record date for such offer at the Conversion Rate then applicable;

Y is the price (expressed in pence) payable for each such new A share under the terms of the offer; and

Z is the average of the middle market quotations (expressed in pence) as derived from The Stock Exchange Daily Official List of one such new A share, nil paid, during the first five business days on which such new A shares are dealt in on The Stock Exchange, nil paid.

Such adjustment shall become effective as at the record date for the offer.

- (v) Upon the happening of any of the events mentioned in this paragraph (3)(n), the Auditors shall, subject to paragraph (6)(b) report whether and, if so, to what extent an adjustment to the Conversion Rate falls to be made in accordance with the provisions of this paragraph (3)(n) and the Company shall, in the next following notice to be given to the holders of the 0.1p convertible preference shares pursuant to paragraph (3)(c), set forth brief particulars of the event or events giving rise to such adjustment, the Conversion Rate in effect prior to such adjustment, the adjusted Conversion Rate and the effective date thereof and shall make available for their inspection (at such place as shall be specified in such notice) a copy of the said report of the Auditors and, where any determination of a merchant bank or stockbroker in the City of London shall have been made pursuant to paragraph (3)(n)(iii), a copy of such determination. In the absence of manifest error, the adjustment to the Conversion Rate as specified in such notice shall be conclusive and binding on all concerned.

4 **Redemption and purchase**

- (a) The Company shall have the right, subject to the provisions of the Statutes, to redeem at any time and from time to time during the period commencing on the day following the last Conversion Date and ending on 31 March 2004 (or so soon thereafter as the Company shall be able to comply with the provisions of the Statutes) the whole or any part of the 0.1p convertible preference shares for the time being issued and unconverted by giving to the holders of the 0.1p convertible preference shares to be redeemed not less than 28 days' prior notice in writing of the date (the "Redemption Date") when such redemption is to be effected.
- (b) In the case of the partial redemption under paragraph (4)(a), the Company may redeem 0.1p convertible preference shares *pro rata* in proportion to the then existing holdings of the holders of the 0.1p convertible preference shares, fractions being rounded down to the nearest whole number, save that the Company shall be entitled to redeem fully any holding of 0.1p convertible preference shares where a partial redemption would result in a holding of less than 250 0.1p convertible preference shares, or the Company may, for the purpose of ascertaining the 0.1p convertible preference shares to be redeemed, cause a drawing

to be made in the presence of a representative of the Auditors at the Office or at such other place as the Board may decide.

- (c) Any notice given under paragraph (4)(a) shall specify the 0.1p convertible preference shares to be redeemed, the applicable Redemption Date and the place at which the certificates for such 0.1p convertible preference shares are to be presented for redemption and on such Redemption Date the Company shall redeem the 0.1p convertible preference shares to be redeemed on that date and each of the holders of the 0.1p convertible preference shares concerned shall be bound to deliver to the Company at such place the certificates for such of the 0.1p convertible preference shares concerned as are held by him (or an indemnity in lieu thereof in a form satisfactory to the Company). On such delivery the Company shall pay to such holder the amount due to him in respect of such redemption. If any certificate so delivered to the Company includes any 0.1p convertible preference shares not to be redeemed on the relevant Redemption Date, the Company shall either (i) enforce a memorandum of the amount and date of the redemption on such certificate or (ii) cancel the same and issue a fresh certificate for such 0.1p convertible preference shares free of charge to the holder.
- (d) There shall be paid on each 0.1p convertible preference share to be redeemed under paragraph (4)(a) the sum of £1 per share and all arrears and accruals (if any) of the preferential dividend thereon to be calculated down to and including the Redemption Date and to be payable irrespective of whether or not such dividend has been declared or earned or become due and payable.
- (e) As from the applicable Redemption Date the preferential dividend shall cease to accrue on the 0.1p convertible preference shares due for redemption on that date, unless on the presentation of the certificate relating thereto the Company fails to make payment of the moneys due on such redemption in which case the preferential dividend shall be deemed to have continued and shall continue to accrue from the Redemption Date to the date of payment.
- (f) Without prejudice to paragraph (4)(a), the Company shall, subject to the Statutes, redeem on 31 March 2004 (or so soon thereafter as the Company shall be able to comply with the provisions of the Statutes) all the 0.1p convertible preference shares (if any) in issue on that date and the amount payable on redemption thereof shall be the sum specified in paragraph (4)(d).

- (g) The receipt of the registered holder (or, in the case of joint holders, the receipt of any of them) for the time being of any 0.1p convertible preference shares for the moneys payable on redemption thereof or application of the same as provided in paragraph (3) on any conversion thereof shall constitute an absolute discharge to the Company in respect thereof.
- (h) Upon the redemption of any 0.1p convertible preference shares (whether pursuant to paragraph (4)(a) or on conversion pursuant to paragraph (3), the Board may, pursuant to the authority conferred by the passing of the resolution which adopted this Article, consolidate and/or sub-divide and/or convert the authorised preference share capital which is so redeemed into shares of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided into a like nominal amount (as nearly as may be) as the shares of such class then in issue or into unclassified shares of the same nominal amount as the 0.1p convertible preference shares.
- (i) Subject to the provision of the Statutes, the Company may at any time purchase 0.1p convertible preference shares: (i) in the market or (ii) by tender (available alike to all holders of 0.1p convertible preference shares) or (iii) by private treaty, in each case, at a price (exclusive of all costs of purchase) which, if the 0.1p convertible preference shares are at such time admitted to the Official List of The Stock Exchange, shall not exceed the average of the middle market quotations therefor (as derived from The Stock Exchange Daily Official List) during the period of 10 consecutive business days ending on the business day immediately preceding the day of purchase or, in the case of a purchase in the market, at the market price thereof provided that such market price is not more than 5 per cent. above such average, but not otherwise, and on such other terms and conditions as the Company may think fit. The Company may exercise its rights and powers of purchase as regards the 0.1p convertible preference shares and any further 0.1p convertible preference shares (as defined in paragraph (8)) which may be issued pursuant to paragraph (8) not being a series which is identical to and forms a single series with the convertible preference shares) at its sole discretion and without obligation to maintain the ratio between the nominal amounts for the time being outstanding of any series.

5 Voting and General Meetings

- (a) The holders of the 0.1p convertible preference shares shall, by virtue or in respect of their holdings of 0.1p convertible preference shares, have the right to receive notice of every

General Meeting of the Company, but shall not have the right to attend, speak or vote at any General Meeting unless either:

- (i) at the date of such meeting, the preferential dividend on such shares is in arrears for six months or more after any fixed dividend date, in which case such holder shall have the right to attend, speak and vote on any resolution at such a General Meeting; or
 - (ii) a resolution is to be proposed abrogating, varying or modifying any of the special rights or privileges of the holders of the 0.1p convertible preference shares, in which case such holders shall have the right to attend the General Meeting but shall be entitled to speak and vote only on such resolution.
- (b) Whenever the holders of the 0.1p convertible preference shares are entitled (in accordance with the provisions of paragraph (5)(a)) to vote at a General Meeting of the Company on a resolution proposed at such a General Meeting, on a show of hands, every holder thereof who (being an individual) is present in person or being a corporation) is present by proxy or by representative duly authorised under section 375 of the Act, not being himself a member entitled to vote, shall have one vote and, on a poll, every holder thereof who is present in person, by representative or by proxy shall have one vote in respect of each A share into which the 0.1p convertible preference shares registered in the name of such holder would be converted had his conversion rights been exercisable and been exercised in full immediately before the holding of such General Meeting.
- (c) For the purposes of these Articles, the 0.1p convertible preference shares are deemed not to be voting shares except at any time during which the holders thereof are entitled to vote in respect of them at any General Meeting of the Company by reason of the preferential dividend being in arrears for six months or more after a fixed dividend date.

6 Other provisions

- (a) So long as any 0.1p convertible preference shares remain capable of being converted into A shares, then, save with such consent or sanction on the part of the holders of the 0.1p convertible preference shares as is required for a variation of the special rights attached to such shares, no shares shall be issued pursuant to a capitalisation of profits or reserves (including any share premium account and capital redemption reserve) except:

- (i) A shares issued credited as fully paid to holders of A shares and, if there be other equity share capital in issue, shares issued credited as fully paid to holders of such other equity share capital as part of the same capitalisation as is effected to the holders of A shares (and on any allotment of such shares the Conversion Rate shall be adjusted under paragraph (3)(n)(i)); or
 - (ii) A shares paid up in full out of distributable profits or reserves and issued instead of a cash dividend.
- (b) If prior to the last Conversion Date any offer or invitation by way of rights or otherwise (not being an offer or invitation to which the provisions of paragraph (6)(c) apply) or any Capital Distribution is made to the holders of A shares, the Company shall (unless the Conversion Rate falls to be adjusted pursuant to the provisions of paragraph (3)(n) in consequence of the proposed offer or invitation by way of rights or otherwise or Capital Distribution and the Board shall have determined to make such adjustment) make or, so far as it is able, procure that there is made at the same time a like offer, invitation or Capital Distribution to each holder of 0.1p convertible preference shares as if his conversion rights had been exercisable and exercised in full on the record date for such offer, invitation or Capital Distribution (as the case may be) on the basis of the Conversion Rate then applicable. Where such a like offer, invitation or Capital Distribution is made in circumstances in which an adjustment would otherwise fall to have been made to the Conversion Rate under paragraph (3)(n), no such adjustment shall be made pursuant to that paragraph.
- (c) If prior to the last Conversion Date an offer is made to the holders of A shares (or all such shareholders other than the offeror and/or any company controlled by the offeror and/or any person acting in concert with the offeror) to acquire the whole or any part of the issued A share capital of the Company or if any person proposes a scheme with regard to such acquisition and the Company becomes aware that the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a General Meeting of the Company has or will become vested in the offeror and/or such companies or persons aforesaid, then, save if the Company has already given notice pursuant to paragraph (3)(l) or paragraph (4)(a), the Company shall give written notice to all holders of 0.1p convertible preference shares of such vesting (or prospective vesting) within 14 days of its becoming so aware and, save as aforesaid, each holder shall be entitled within the period of 42 days from the date of such notice (but not thereafter) to convert

some or all of his 0.1p convertible preference shares into fully paid A shares on the basis set out in paragraph (3), except that the Conversion Period shall be the said period of 42 days, the Conversion Date shall be the last day of such period (or, in the event of such day being a Saturday or a Sunday or a public holiday in England, the next day which is not such a day) and the A shares arising on conversion shall not rank for any dividend or distribution declared, paid or made before the Conversion Date. At the end of such 42 day period any outstanding 0.1p convertible preference shares shall cease to be capable of conversion pursuant to the provisions of this paragraph (6)(c) but not otherwise.

- (d) If, while any of the 0.1p convertible preference shares remain capable of being converted into A shares, the Company is wound up, the Company shall forthwith give notice thereof in writing to all holders of 0.1p convertible preference shares and each holder of 0.1p convertible preference shares shall in respect of all or any of its 0.1p convertible preference shares be entitled within 42 days after the date of the resolution for winding-up the Company or (as the case may be) after the date of the Order of the Court for such winding-up (either of such dates being referred to in this paragraph (6)(d) as the "operative date") by notice in writing to the Company to elect to be treated as if his conversion rights had been exercisable and had been exercised immediately before the operative date on the basis of conversion as provided above and in that event he shall be entitled to be paid in satisfaction of the amount due in respect of such of his 0.1p convertible preference shares as are to be treated as if converted a sum equal to the amount to which he would become entitled in such winding-up if he had been the holder of the A shares to which he would have become entitled by virtue of such conversion, fractions being disregarded for this purpose, together with any arrears, deficiency or accrual of the preferential dividend on such 0.1p convertible preference shares calculated down to the fixed dividend date last preceding the operative date, whether or not such dividend has been declared or earned or become due and payable. At the end of such 42 day period any outstanding 0.1p convertible preference shares shall cease to be capable of conversion but will rank for repayment in accordance with paragraph (2).
- (e) So long as any 0.1p convertible preference shares remain capable of being converted into A shares, then, subject as provided in paragraph (10) or with such consent or sanction on the part of the holders of the 0.1p convertible preference shares as is required for a variation of the special rights attached to such shares:

- (i) no equity share capital shall be issued which is not in all respects uniform with the A shares in issue on the date of adoption of this Article (the "relevant date"), save:
- (aa) as to the date from which such equity share capital shall rank for dividend;
 - (bb) for equity share capital issued in connection with or pursuant to an employees' share scheme approved by the Company in General Meeting;
 - (cc) for equity share capital which has attached thereto rights as to dividend, capital and voting which in no respect are more favourable than those attached to the A shares in issue at the relevant date;
 - (dd) for equity share capital issued pursuant to an offer or invitation or Capital Distribution which is extended to the holders of 0.1p convertible preference shares pursuant to paragraph 6(b);
 - (ee) for shares issued in accordance with paragraph (8) as further 0.1p convertible preference shares; and
 - (ff) for equity share capital which confers the right to a fixed amount on a return of capital and to a fixed dividend in priority to the rights attached to the A shares and which constitutes equity share capital by virtue of:
 - i) an entitlement to share *pari passu* with the holders of A shares, and any other class of shares conferring a similar entitlement, in any surplus assets existing after the payment in respect of each A share of the aggregate of the amount paid upon such share and an amount equal to either 10,000 times the net tangible assets of the Company per A share (calculated by reference to the latest Accounts at the time of the creation of such shares) or a sum not less than £5,000 per A share (as adjusted to reflect any sub-division, consolidation or re-classification) whichever is the higher; and/or

- ii) an entitlement to share *pari passu* with the holders of A shares, and any other class of shares conferring a similar entitlement, in the profits available for distribution and resolved to be distributed in respect of any accounting period after the payment in respect of each A share of a dividend equal to not less than 10,000 times the aggregate of the interim dividend(s) (if any) and the final dividend for the preceding accounting period as shown in the Accounts in respect of such period, or if such accounts have not been published, the aggregate of such dividends for the second preceding accounting period as so shown;

(ii) the Company shall not, except:

- (aa) on or in connection with the conversion, redemption or purchase of any shares; or
- (bb) on or in connection with the issue or payment up of any securities by way of capitalisation of profits or reserves (including share premium account and any capital redemption reserve) not being a capitalisation which is prohibited by paragraph (6)(a); or
- (cc) as authorised by section 146(2) or, in respect of redeemable shares, by section 159 of the Act,

reduce its share capital or any uncalled liability in respect thereof or (except as authorised by sections 130(2), 160(2) and 170(4) of the Act) any share premium account or capital redemption reserve;

- (iii) the Company, if authorised to purchase its own A shares, will not do so except in accordance with the requirements from time to time of The Stock Exchange;
- (iv) no resolution shall be passed whereby the rights attaching to the A shares shall be modified, varied or abrogated but, for the avoidance of doubt, it is hereby declared that any resolution for the disapplication of section 89(1) of the Act (or any provisions replacing the same) shall be deemed not to abrogate, vary or modify such rights;

- (v) the Company shall not make any offer or invitation to the holders of A shares or allot any shares in pursuance of a capitalisation issue or make any Capital Distribution during a Conversion Period or by reference to a record date during a Conversion Period or following a Conversion Period by reference to a record date prior to such Conversion Period;
 - (vi) the Company shall not make any issue, offer or distribution or take any other action if the effect thereof would be that, on the conversion of any convertible preference shares, the Company would be required to issue shares at a discount;
 - (vii) the Company shall not take any action which would result in an adjustment of the Conversion Rate if, after giving effect thereto, the number of A shares to be allotted or issued on conversion would be increased to such an extent that some or all of such shares could not be allotted or issued at that time without contravening section 80(1) or section 89(1) of the Act (as modified or re-enacted from time to time) or could not, under any other applicable law then in effect, be legally issued as fully paid unless and to the extent that such conversion can lawfully be effected in a manner which does not involve an allotment or issue of A shares; and
 - (viii) the Company shall procure that at all times up to the last Conversion Date there shall be sufficient unissued A share capital, or unclassified share capital authorised to be issued as A shares, available for the purposes of satisfying the requirements of any Conversion Notice as may be delivered pursuant to paragraphs (3) or (6)(c).
- (f) If the Company shall change its accounting reference date to a date which is more than 14 days before or after 31 March, such adjustment shall be made to the conversion rights attached to the 0.1p convertible preference shares as the Auditors shall determine to be fair so as not to prejudice such conversion rights and notification of such change and adjustment shall be given to the holders of the 0.1p convertible preference shares.
- (g) The provisions of Article 4A of the Articles of Association of the Company shall apply *mutatis mutandis* to the 0.1p convertible preference shares in the same manner as they apply to the £1 convertible preference shares save that:
- (i) references therein to Article 5.3 shall be treated as being references to the like provision attaching to the 0.1p

convertible preference shares as set out in this resolution; and

- (ii) references therein to ordinary shares were references to A shares.

7 Re-designation

On the day next following the last Conversion Date any 0.1p convertible preference shares then unconverted shall automatically be re-designated as "7.5p cumulative redeemable preference shares of 0.1p each" without any requirement to alter or substitute then existing certificates in respect of the 0.1p convertible preference shares.

8 Further issues

Subject to the provisions of paragraph (6)(e), the Company may from time to time create (including by re-designation) and issue further 0.1p convertible preference shares (in these Articles called "further 0.1p convertible preference shares") ranking as regards participation in the profits and assets of the Company *pari passu* with but not in priority to the 0.1p convertible preference shares, and so that any such further 0.1p convertible preference shares may, as regards participation in the profits and assets of the Company, either carry rights identical in all respects with the 0.1p convertible preference shares or with any other series of further 0.1p convertible preference shares or rights differing therefrom in any respect, including (but without prejudice to the generality of the foregoing) in that:

- (a) the rate of dividend may differ;
- (b) the further 0.1p convertible preference shares may rank for dividend as from such date as the terms of the issue thereof may provide and the dates for payment of dividend may differ;
- (c) a premium may be payable on a return of capital or there may be no such premium;
- (d) the further 0.1p convertible preference shares may be redeemable on such terms and conditions as the terms of issue thereof and/or the Articles may prescribe; and
- (e) the further 0.1p convertible preference shares may be convertible into A shares or another class of shares ranking as regards participation in the profits and assets of the Company after the 0.1p convertible preference shares, in each case on such terms and conditions as the terms of issue thereof may prescribe.

The issue of further shares ranking as regards participation in the profits and assets of the Company in any respect in priority to the 0.1p convertible

preference shares or the further 0.1p convertible preference shares shall be deemed to be a variation of the special rights attaching to such shares.

9 Documents

While any of the 0.1p convertible preference shares remain capable of being converted into A shares, the Company shall send to the holders of 0.1p convertible preference shares a copy of every document sent to the holders of A shares at the same time as it is sent to such holders.

10 Consent

Notwithstanding any of the foregoing provisions herein, the holders of the 0.1p convertible preference shares shall be deemed to have agreed and consented to the passing and implementation in full of this resolution and resolution 2 set out in the Notice of Extraordinary General Meeting contained in the Circular.

- (H) each of the £1 convertible preference shares redeemed in accordance with paragraphs (E) and (F) of this resolution and any other unissued £1 convertible preference shares as at the date on which this resolution becomes unconditional shall be converted into an unclassified share of £1;
- (I) upon the recommendation of the Directors, but subject to the payment to the holders of the non-voting shares of £1 each in the Company of a dividend at the maximum rate prescribed in Article 5.2(a) of the Articles of Association of the Company, the whole of the amount standing to the credit of the share premium account of the Company (excluding (i) an amount of £8,221,578.93 representing share premium resulting from the issue of ordinary shares in lieu of dividends pursuant to the power conferred by Article 49.4 of the Articles of Association of the Company (ii) an amount of £111,650.00 representing share premium resulting from the payment of capital duty on 19 October 1987; and (iii) an amount of £4,634,649.00 representing share premium resulting from the transfer of goodwill in respect of the acquisition of Hambro Trust on 31 March 1987 but including without limitation the share premium resulting from the conversion of the £1 convertible preference shares pursuant to paragraphs (E) and (F) of this resolution) which is an integral multiple of 19.9p (the "Capitalisation Amount") be capitalised, and that the Directors be and are hereby authorised and directed to appropriate the Capitalisation Amount to: (i) holders of ordinary shares on the register at 12 noon on 14 June 1998 (or such later time and/or date, being not later than 30 September 1998, as the Directors may determine) (the "Record Date"); and (ii) holders of £1 convertible preference shares on the register on the Record Date who have validly elected to convert such shares into A shares and B shares in accordance with paragraph (E) of this resolution (and to no other members of the Company) rateably according to the number of B shares to be held by such holders as a result of the sub-division and reclassification of ordinary shares into A shares and B shares pursuant to paragraph (D) of this resolution and the conversion of £1 convertible preference shares into A shares and B shares pursuant to

paragraph (E) of this resolution, and to apply such amount in paying up in full at par such number of B shares as shall have, as nearly as practicable, an aggregate nominal value equal to the Capitalisation Amount, which shares shall be allotted and issued credited as fully paid and distributed rateably to such members in proportion to the number of B shares which shall be held by such members as a result of the sub-division and reclassification of ordinary shares into A shares and B shares and the conversion of £1 convertible preference shares into A shares and B shares referred to above and shall rank *pari passu* in all respects with the B shares arising from the sub-division and reclassification pursuant to paragraph (D) of this resolution and the conversion of £1 convertible preference shares pursuant to paragraph (E) of this resolution, Provided that fractions of a B share shall not be allotted to such persons but shall, so far as possible, be consolidated into a whole number of B shares and the Directors be and are hereby authorised to allot and issue such whole number of B shares arising from the consolidation of such fractions to such person(s) as the Directors may nominate, on behalf of those holders of B shares who would otherwise be entitled thereto, on terms that the nominee shall sell any Hambro Countrywide Shares transferred to him pursuant to the Demerger (as defined in the Circular) in the market and the net proceeds of such sale shall be paid in due proportion to such holders of B shares (any fraction of a penny which would otherwise be payable being rounded down to the nearest penny); and

- (J) Article 49 of the Articles of Association of the Company shall be varied to the extent required to give effect to the capitalisation of share premium account and allotment of B shares referred to in paragraph (I) of this resolution.

2 THAT, subject to the issue of the B ordinary shares of 19.9p each in the Company ("B shares") referred to in paragraph (I) of resolution 1 set out in the Notice of Extraordinary General Meeting contained in the circular dated 17 April 1998 addressed, *inter alios*, to the members of the Company ("Resolution 1"):

- (A) the share capital of the Company be and is hereby reduced by cancelling and extinguishing all the non-voting shares of £1 each in the Company whether issued or unissued and by repaying to the holder thereof in cash the capital paid up or credited as paid up thereon;
- (B) the share capital of the Company be and is hereby further reduced by cancelling and extinguishing all the B shares whether issued or unissued (including without limitation those issued pursuant to paragraph (I) of Resolution 1) and by applying the reserve arising in the books of the Company on such reduction taking effect in repaying capital to the holders of the said B shares which are in issue at the date when the proposed reduction of capital provided for in this paragraph (B) shall take effect (the "Effective Date") on terms whereby the same shall not be paid in cash but shall be given effect by the transfer by the Company to the holders of such B shares of whichever is the lesser of either all the ordinary shares of 5p each in Hambro Countrywide PLC owned by the Company at the Effective Date ("Hambro Countrywide Shares") or such number of Hambro Countrywide Shares as shall have a value

(determined by reference to the middle-market quotation for Hambro Countrywide Shares for the dealing day immediately preceding the Effective Date as derived from the Stock Exchange Daily Official List) equal to the nominal value of the B shares cancelled, such shares to be transferred rateably according to the number of B shares held by the holders of such shares at the Effective Date, provided that:

- (i) no holder of B shares shall be entitled to a fraction of a Hambro Countrywide Share and all such fractions shall be aggregated and sold on behalf of the holders of B shares entitled thereto at the best price reasonably obtainable therefor and the net proceeds of sale distributed *pro rata* among such holders (any fraction of a penny which would otherwise be payable being rounded down to the nearest penny); and
 - (ii) in case of any difficulty arising in regard to the said transfer the Directors of the Company be and are hereby authorised to resolve the same in such manner as they may in their absolute discretion determine; and
- (C) subject to the above reductions of capital taking effect, the Articles of Association of the Company be amended by adopting in substitution for the current Articles of Association of the Company the new Articles of Association of the Company in the form marked "A" produced to this Meeting and initialled by the Chairman for the purposes of identification subject to the completion of the authorised capital of the Company which is to be taken from the Minute approved by the Court for the purposes of the above reductions of capital.

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Chairman of the Meeting