

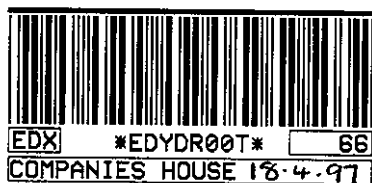
THE COMPANIES ACT 1985 AND 1989

A PRIVATE LIMITED COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
(Amended by Special Resolution
passed on 3 April 1997)

- of -

PEACOCK'S STORES LIMITED



PRELIMINARY

- 1.1 In these articles "Table A" means Table A in the Schedule to the Companies (Tables A to F) Regulations 1985, as amended prior to the adoption of these articles.
- 1.2 The regulations contained in Table A will apply to the Company except in so far as they are excluded or varied in these articles.
- 1.3 The following regulations of Table A will not apply to the Company: 3, 5, 12, 14, 16, 32, 34 to 55, 57, 60 to 62, 64 to 82, 84 to 98, 110 to 112 and 115. In addition to the remaining regulations of Table A as varied in these articles the following will be the articles of association of the Company.

INTERPRETATION

- 2.1 In these articles the following words and expressions shall have the following meanings:-

Acts: the Companies Acts 1985 and 1989 and any re-enactment or amendment thereto;

Adjusted Profits: in relation to any financial period, a sum equal to the consolidated profit (or, as the case may be, loss) of the Company and its subsidiaries for that financial period as disclosed in the audited consolidated profit and loss account of the Company and its subsidiaries for such financial period after taking account of all interest payments made or received and:-

- (a) before any provision or reserve shall have been made for or in respect of:-
- (i) any extraordinary items which reduce the said profit or

consolidated profit in the financial year in question;

- (ii) corporation tax (or any other tax levied upon or measured by reference to the profits or gains) on the profits earned and gains realised by the Company and its subsidiaries in the financial year in question;
 - (iii) the payment of any dividend or other distribution on or in respect of the Company or of any of its subsidiaries or the transfer of any sum to Reserves;
- (b) before any credit shall have been taken for any extraordinary items which increase the said profit or consolidated profit in the financial year in question;
- (c) after taking account of minority interests; and
- (d) after making such other adjustments as may be required (in the event of any changes in accounting bases or principles or in Standard Accounting Practice adopted by the Company in the preparation of such profit and loss accounts) to ensure that save as otherwise expressly agreed between the Company and its auditors with the consent in writing of the holders of not less than three fourths of the "A" Ordinary Shares such consolidated profit is for the purpose calculated in a manner consistent in all respects with the accounting principles and bases used in the preparation of previous consolidated profit and loss accounts;

Board: the board of directors of the Company from time to time;

the Chairman: the Chairman of the Board from time to time;

Deferred Shareholders: the holders for the time being of the Deferred Shares;

Deferred Shares: the Deferred Shares of 1 penny each in the capital of the Company;

Executive Director: a director of the Company who is a full time employee of the Company or of one of its subsidiaries;

financial year and financial period: an accounting reference period of the Company and its subsidiaries (if any);

Founders: Robert Frank Peacock and Hugh Child, being holders of shares at the date of adoption of these articles and "Founder" shall mean either of them;

the Group: the Company and any company which is a subsidiary of the Company, a holding company (as defined in Section 736 of the Act) of the Company or a subsidiary) of such holding company;

Institutional Investor: any pension fund, common investment scheme, unit trust scheme (authorised or unauthorised) or other collective investment scheme (as defined in the Financial Services Act 1986), investment trust, venture capital fund,

open-ended investment company, mutual fund, or life insurance company and any other company, partnership, fund, trust, scheme or other body, entity or organisation whose business consists of investing in the equity or loan capital of or providing finance to other companies, partnerships, entities or organisations Provided that the above shall not include any such company, partnership, fund, trust, scheme or other body, entity or organisation which is a direct competitor of the Company or is or has been formed directly or indirectly by any such direct competitor with the objective of investment in the equity or loan capital of the Company;

Investor: Coutts & Co (Guernsey) Limited and Eagle Star Life Assurance Company Limited, and their respective permitted assignees and "Investor" shall mean any of them;

Issue Price: in the case of Ordinary Shares, £73.94 per Ordinary Share; in the case of "A" Ordinary Shares, £73.94 per "A" Ordinary Share; in the case of Deferred Shares, £0.01 per Deferred Share and in the case of any other share the aggregate of the amount paid up or credited as paid up and any amounts credited to share premium account on any share;

Listing: the inclusion of any part of the ordinary share capital of the Company in the Official List of The London Stock Exchange or the grant of permission to deal in the same on any recognised investment exchange (as that term is used in the Financial Services Act 1986) or in or on any exchange or market replacing the same;

Listing Date: the date of publication of listing particulars (as defined in Section 144(2) of the Financial Services Act 1986) or of a prospectus (as that term is used in the Act) or (when in force) Part V of the Financial Services Act 1986 published in connection with the admission to dealings on a recognised investment exchange (as that term is used in the Financial Services Act 1986) which, in either case, are published in connection with a Listing of ordinary shares in the Company;

The London Stock Exchange: The International Stock Exchange of the United Kingdom and Republic of Ireland Limited;

Member: any holder for the time being of Shares whose name is registered in the Register of Members of the Company;

"A" Ordinary Shareholders: the holders for the time being of "A" Ordinary Shares in the capital of the Company;

"A" Ordinary Shares: the Convertible Cumulative Participating Preferred "A" Ordinary Shares of £1 each in the capital of the Company;

Ordinary Share Capital: the Ordinary Shares and the "A" Ordinary Shares;

Ordinary Shareholders: the holders for the time being of the Ordinary Shares in the capital of the Company;

Ordinary Shares: the Ordinary Shares of 99 pence each in the capital of the Company;

Rothschild: Rothschild Ventures Limited whose registered office is at New Court, St Swithin's Lane, London, EC4P 4DU;

Sale: the acceptance of an offer or the making of an agreement whereunder any person firm or company is or becomes unconditionally bound to acquire in the case of an offer not less than 90%, and in the case of an agreement, the whole of the Ordinary Share Capital of the Company;

Sale Date: the date of a Sale;

shares: the Ordinary Shares, the "A" Ordinary Shares and the Deferred Shares for the time being in the capital of the Company;

Special Director: the director to be appointed pursuant to paragraph 3.2(D)(1);

subsidiaries: the subsidiaries of the Company from time to time (as defined in Section 736 of the Act).

Words importing the singular number also include the plural number and vice versa.

Words importing the masculine gender also include the feminine gender.

References to persons shall include bodies corporate, unincorporated associations and partnerships.

Words and expressions defined elsewhere in these Articles shall bear the meaning thereby ascribed to them.

Words and expressions defined in the Act shall, unless the context otherwise requires, have the same meaning in these Articles.

Reference to any act or section or part of or schedule to any act shall include any act or provisions amending or replacing the same.

References to a share being fully paid are to a share being fully paid as to its nominal value and any premium payable on such share as a term of issue.

2.2 Where it is provided in these Articles that any matter shall be approved or decided upon by or be subject to the approval, consent or agreement of the Investors in accordance with this paragraph 2.2, then such approval, consent or agreement may be given on behalf of all the Investors by the Lead Investor.

For the purposes of this paragraph 2.2, the expression "Lead Investor" shall mean:-

- (i) from the date of this Agreement until Rothschild notifies, or Investors holding a majority in nominal value of the "A" Ordinary Shares notify the Company to the contrary, Rothschild; and

- (ii) thereafter, such person as all the Investors may by notice in writing notify to the Company and who shall have received the prior approval of the Founders (such approval not to be unreasonably withheld or delayed) or, failing such approval or failing the agreement of all the Investors within a reasonable period of time, the Investor registered as holding the greatest number of "A" Ordinary Shares (the Largest Investor). In the case of more than one Investor being the Largest Investor, the Lead Investor shall be such Largest Investor as may be agreed between them or, failing such agreement, as the Board shall nominate after five working days of the Largest Investors being requested by the Board to so agree and nominate and their failure so to do within such five working days.

SHARE CAPITAL

- 3.1 The authorised share capital of the Company at the date of adoption of these articles is £2,527,049 divided into 2,500,000 Deferred Shares of 1 penny each ("the Deferred Shares"), 27,049 Convertible Cumulative Participating Preferred "A" Ordinary Shares of £1 each ("the "A" Ordinary Shares"), and 2,500,000 Ordinary Shares of 99 pence each.

- 3.2 The rights attaching to the Ordinary Shares, "A" Ordinary Shares and Deferred Shares are as follows:-

(A) Dividends

- (1) To the extent that payment thereof out of profits would be lawful the holders of the "A" Ordinary Shares shall be entitled prior to the conversion thereof to receive, in priority to the holders of any other class of share, and the Company shall pay at the rates and for the periods set out below a fixed cumulative preferential dividend ("the Preference Dividend") at a rate of 5 per centum per annum of the Issue Price of such share (exclusive of the associated tax credit) in respect of each "A" Ordinary Share for the period from the date of issue of the "A" Ordinary Shares until 31 December 1995 and at the rate of 8 per centum per annum of the Issue Price of such share (exclusive of the associated tax credit) in respect of each "A" Ordinary Share thereafter.
- (2) The Preference Dividend in respect of each such share shall accrue on a daily basis and shall be paid by two equal instalments (exclusive as aforesaid) on 31 December (in respect of the six calendar months ending on that date) and 30 June (in respect of the six calendar months ending on that date) in each year, the first such payment being made on 31 December 1993 and calculated in respect of the period from the date of issue of the "A" Ordinary Share until 31 December 1993.
- (3) The Preference Dividend shall, ipso facto and without any resolution of the Board or the Company in general meeting (and notwithstanding any regulation in Table A or regulation of these articles) become a debt due from and immediately payable by the Company on each 31 December and 30 June to the "A" Ordinary Shareholders.
- (4) In the event that by reason of any principle of law or otherwise the Company is unable to pay in full on any such 31 December or 30 June

(each of which dates is in this paragraph referred to as a "Preference Dividend Date") any instalment of the Preference Dividend and all arrears thereof to any of the holders of the "A" Ordinary Shares which would otherwise be required to be paid pursuant to this Article 3.2(A) on that Preference Dividend Date to any of the holders of the "A" Ordinary Shares (referred to in this paragraph as "the Relevant Preference Dividend") then the following provisions shall apply:-

- (a) on the Preference Dividend Date the company shall pay to such holders on account of the Relevant Preference Dividend the maximum sum (if any) which can then consistently with any such principle of law be properly paid by the Company such payment to be divided amongst the holders pro rata in proportion to their entitlement to the total of the dividends payable on the "A" Ordinary Shares on the due date;
- (b) on every succeeding dividend date the Company shall pay to such holders pro rata in proportion to their entitlement on account of the balance of the Relevant Preference Dividend and arrears thereon for the time being remaining outstanding, and until the Relevant Preference Dividend shall have been paid in full, the maximum sum (if any) which on each such succeeding Preference Dividend Date respectively can, consistently with any such principle of law, be properly paid by the Company;
- (c) every sum which shall become payable by the Company on any Preference Dividend Date in accordance with the foregoing provisions of this paragraph shall ipso facto and without any resolution of the Directors or of the Company in general meeting (and notwithstanding anything contained in Regulations 102 to 108 (inclusive) of Table A) become a debt due from and immediately payable by the Company to the holders of the "A" Ordinary Shares.

(5) In the event that:-

- (a) 6.7% of the Adjusted Profits of the Company for the financial year ending 31 December 1996;
- (b) 8% of the Adjusted Profits of the Company for the financial year ending 31 December 1997; or
- (c) 9% of the Adjusted Profits of the Company for any financial year ending on or after 31 December 1998 exceeds the amount of the Preference Dividend payable or paid in respect of that financial year then to the extent that payment thereof out of profits would be lawful, the holders of the "A" Ordinary Shares shall be entitled prior to the conversion thereof to receive and the Company shall pay after payment of all Preference Dividends (including all arrears and accruals thereof whether earned or declared or not) but otherwise in priority to the holders of any other class of share a cumulative cash participating dividend ("the Participating

Dividend”) in respect of the financial year of the Company ended 31 December 1996 and each subsequent financial year of the Company in respect of which the Participating Dividend is payable in the manner provided and in an amount calculated in accordance with paragraph 3.2(A)6 below.

- (6) The amount (exclusive of associated tax credit) of the Participating Dividend payable on each “A” Ordinary Share shall be paid each year within fourteen days after the annual general meeting at which the accounts of the Company for the relevant financial year are adopted, the first such dividend to be paid in respect of the financial year of the Company ending on the 31 December 1996, and shall be an amount equal to:-
- (a) 6.7% of the Adjusted Profits of the Company for the financial year ending 31 December 1996;
 - (b) 8% of the Adjusted Profits of the Company for the financial year ending 31 December 1997; and
 - (c) 9% of the Adjusted Profits of the Company for each financial year ending on or after 31 December 1998

less (in each case) the aggregate amount of the Preference Dividends payable or paid in respect of the relevant financial year, divided by the number of “A” Ordinary Shares in issue.

- (7) The Participating Dividend shall, notwithstanding any other provision of these Articles and in particular notwithstanding that there has not been a recommendation of Directors or resolution of the Company in General Meeting and notwithstanding any Regulation in Table A or paragraph 21.1 of these articles be paid immediately on the due date and if not then paid shall be a debt due by the Company.
- (8) In the event that by reason of any principle of law the Company is unable to pay in full within 14 days after the relevant annual general meeting (which date is in this paragraph referred to as a “Participating Dividend Date”) any Participating Dividend due to the holders of the “A” Ordinary Shares which would otherwise be required to be paid pursuant to this Article 3.2(A) on that Participating Dividend Date to any of the holders of the “A” Ordinary Shares (in this paragraph any such dividend being hereinafter called the “Relevant Participating Dividend”) then the following provisions shall apply:-
- (a) on the Participating Dividend Date the Company shall (provided that on such date the Preference Dividend and all arrears and accruals thereof up to and including the previous 31 December or, if later, 30 June shall have been paid to the holders of the “A” Ordinary Shares) pay to the holders of the “A” Ordinary Shares pro rata in proportion to their total entitlement to the dividends payable on the “A” Ordinary Shares on the due date on account of the relevant participating dividend the maximum sum (if any)

which can then consistently with any such principle of law be properly paid by the Company;

- (b) on every succeeding Participating Dividend Date the Company shall (provided that on such date the Preference Dividend and all arrears and accruals thereof up to and including the previous 31 December or, if later, 30 June shall have been paid to the holder of the "A" Ordinary Shares) pay to the holders of the "A" Ordinary Shares pro rata in proportion to their entitlement on account of the balance of the Relevant Participating Dividend for the time being remaining outstanding, and until the Relevant Participating Dividend shall be paid in full, the maximum sum (if any) which on each such succeeding Participating Dividend Date respectively can, consistently with any such principle of law, be properly paid by the Company;
 - (c) Subject only as aforesaid every sum which shall become payable by the Company on any Participating Dividend Date in accordance with the foregoing provisions of this paragraph shall on that date ipso facto and without any resolution of the Directors or of the Company in general meeting (and notwithstanding anything contained in Regulations 102 to 108 (inclusive of Table A) become a debt due from and immediately payable by the Company to the holders of the "A" Ordinary Shares;
- (9) (i) Subject as mentioned in paragraph 3.2(A)9(ii) below following the payment of the Preference Dividend and the Participating Dividend (if any) in respect of the "A" Ordinary Shares (including all arrears and accruals thereof whether earned or declared or not) to the extent that payment thereof out of profits would be lawful and provided the Directors so resolve and subject where applicable to the consent of the holders of "A" Ordinary Shares pursuant to paragraph 3.2(E)1(j)
- (a) the holders of the Ordinary Shares shall be entitled in respect of the financial year of the Company ended 31 December 1996 and each subsequent financial year of the Company to a dividend on each Ordinary Share of an amount equal to the amount of Participating Dividend paid in respect of each "A" Ordinary Share in respect of such financial year (exclusive of any payments of arrears or accruals paid thereon); and
 - (b) thereafter the holders of Ordinary Shares and "A" Ordinary Shares shall rank pari passu in all respects in relation to any further dividend declared made or paid by the Company.
- (ii) Notwithstanding the provisions of Article 3.2(A)9(i) above and in any event following the payment of the Preference Dividend and the Participating Dividend (if any) in respect of the "A" Ordinary Shares (including all arrears and accruals thereof whether earned

or declared or not) to the extent that payment thereof out of profits would be lawful and to the extent that the Board so resolves the holders of the Ordinary Shares for the time being shall be entitled to receive in respect of the Ordinary Shares, and the Company shall pay a dividend not exceeding £35,000 in aggregate in respect of the financial year ending 31 December 1993, £80,000 in aggregate in respect of the financial year ending 31 December 1994, £90,000 in aggregate in respect of the financial year ending 31 December 1995, and £100,000 in aggregate in respect of any financial year ending on or after 31 December 1996.

- (10) The Deferred Shares shall not entitle the holders to receive and the Company shall not in respect of them pay any dividend or other distribution of profits.

(B) Capital

- (1) Each holder of the Deferred Shares shall be entitled after payment to the holders of "A" Ordinary Shares of all arrears and accruals of the Preference Dividend and the Participating Dividend whether earned or declared or not calculated up to and including (as the case may be) the date of the order of the Court for such winding up or (in the case of any other return of capital) the date on which the distribution, transfer or other payment in respect of such return of capital is made but in priority to the holders of any other class of share to receive out of the assets of the Company available for distribution amongst the members, in a winding up of the Company or other return of capital by the Company, an amount in respect of each Deferred Share held equal to the Relevant Maximum (as defined in paragraph 3.2(B)5 below).
- (2) Subject to paragraph 3.2(B)1 above, on a winding up or other return of capital each holder of "A" Ordinary Shares will be entitled to receive an amount equal to the Issue Price thereof.
- (3) Subject to paragraphs 3.2(B)1 and 3.2(B)2 above on any surplus arising on such a winding up or other return of capital each holder of Ordinary Shares will be entitled to receive an amount equal to the Issue Price thereof.
- (4) Subject to paragraphs 3.2(B)1, 3.2(B)2 and 3.2(B)3 above any surplus arising on such a winding up or other return of capital shall be paid to the holders of the Ordinary Shares and the "A" Ordinary Shares pro rata according to their respective shareholdings.
- (5) For the purposes of paragraph 3.2(B)1 above, the "Relevant Maximum" shall mean the sum of £4.00 until 31 December 1988 increasing by 5% per annum compounded annually on 1 January of each year commencing 1 January 1989.

(C)

Conversion

- (1) All the "A" Ordinary Shares shall automatically be converted on but immediately prior to a Sale or Listing into Ordinary Shares at the rate of one Ordinary Share for each "A" Ordinary Share.
- (2) Within 28 days after the date fixed for conversion ("the Conversion Date") the Company shall send share certificates to the persons entitled in respect of the said Ordinary Shares arising upon conversion whereupon the certificates for the "A" Ordinary Shares shall be deemed to be cancelled and of no further effect or value and the Company shall record the conversion appropriately in the Register of Members.
- (3) The Preference Dividend and Participating Dividend (if any) payable on each "A" Ordinary Share so converted shall accrue up to and including such Conversion Date on a day to day basis and shall be calculated by taking such sum as is equal to the proportion of the Preference Dividend and Participating Dividend (as the case may be) which would have been paid for the financial year in which the Conversion Date falls which the number of days elapsed in the period from in the case of the Preference Dividend 31 December or, if later 30 June and in the case of the Participating Dividends 31 December to the Conversion Date bears in relation to, in the case of the Preference Dividend, 182 and, in the case of the Participating Dividend, 365 and shall be paid to the "A" Ordinary Shareholders whose "A" Ordinary Shares shall have been so converted on the date when the Preference Dividend or the Participating Dividend (as the case may be) would (but for such conversion) have become payable under paragraph 3.2.1.
- (4) The Ordinary Shares into which such "A" Ordinary Shares shall convert shall entitle the holder or holders thereof to all dividends and other distributions declared made or paid in respect of the Ordinary Shares of the Company by reference to a record date on or after the Conversion Date.
- (5) The holders of the Ordinary Shares, the "A" Ordinary Shares and the Directors shall take all steps necessary to enable such conversion to take place and to effect the same including the convening of meetings of the Directors and of the members and voting at all such meetings so as to effect such conversion.
- (6) (a) If prior to the Conversion Date the Company shall make any capitalisation issue, the number of Ordinary Shares resulting from any subsequent conversion shall be increased pro rata to take account of such capitalisation issue by a further capitalisation issue to the holders of Ordinary Shares arising on conversion of the "A" Ordinary Shares which shall take place as soon as reasonably practicable following the conversion. Any resolution proposed at a general meeting of the Company for the purpose of sanctioning a capitalisation issue shall, so far as the Acts permit, also sanction the further capitalisation issue required pursuant to this sub-paragraph.

- (b) If prior to conversion hereunder the Company shall sub-divide or consolidate the Ordinary Shares the number and class of shares into which the "A" Ordinary Shares may be converted hereunder shall be adjusted in due proportion.
- (7) For so long as any conversion rights granted by this Article 3.2(C) in respect of the "A" Ordinary Shares remain exercisable, the Company shall send to the holders of "A" Ordinary Shares a copy of every document sent to its Ordinary Shareholders at the same time as the same is sent to the Ordinary Shareholders.

(D) Appointment of Special Director

- (1) For so long as the aggregate number of the issued "A" Ordinary Shares held by the Investors shall represent not less than 7.125% of the aggregate number of the issued Ordinary and "A" Ordinary Shares in the capital of the Company Members holding a majority in nominal value of the "A" Ordinary Shares shall be entitled by notice in writing to appoint one non-executive Director ("the Special Director") (such appointee to be a person reasonably acceptable to the Board) and by notice in writing to remove any such Special Director and (subject to such approval) to nominate in the manner aforesaid another person in his place. Any director appointed pursuant to this paragraph 3.2(D)1 shall be entitled to be appointed as a non-executive director of any subsidiary of the Company.
- (2) So long as the entitlement referred to in paragraph 3.2(D)1 shall exist on any resolution of the members of the Company to remove a Director appointed pursuant to this Article 3.2(D), shares held by the "A" Ordinary Shareholders shall together carry one vote in excess of seventy five percent of the votes exercisable at the general meeting at which such resolution is to be proposed.
- (3) Any appointment or removal pursuant to paragraph 3.2(D)1 shall be in writing served on the Company at its registered office and signed by the relevant shareholders.

(E) Class Consents

- (1) Without prejudice to the restrictions contained in the Articles as to the modification of the rights attached to classes of shares, the following matters shall be deemed to vary the rights attaching to and accordingly the separate consent or sanction of the holders of the "A" Ordinary Shares (given in accordance with the provisions of paragraph 12.1) shall be required:
 - (a) to the creation allotment or issue of any shares or securities by the Company or any of its subsidiaries or to the grant of any right to require the allotment or issue of any such shares or securities or the giving to the Directors of any authority in relation to the issue or allotment thereof (other than the creation allotment or issue of any shares or securities on the date of adoption of these Articles or

approved by the Special Director or pursuant to The Peacock's Stores Limited Employee Share Option Scheme or any other share option scheme(s) of the Company approved by the Special Director provided that the aggregate number of shares created, allotted or issued pursuant to any such schemes (including the Peacock's Stores Limited Employee Share Option Scheme) shall not in aggregate exceed 7,493 Ordinary Shares);

- (b) to the disposal of any share capital of any subsidiary or of the whole or a substantial part of the Company's or the Group's business assets or undertaking;
- (c) to increase, reduce, repay, subdivide, consolidate or otherwise vary the share capital of the Company or any of its subsidiaries or reduce the amount, if any, standing to the credit of the share premium account or capital redemption reserve fund except as expressly provided in these Articles;
- (d) to amend any provision of the Memorandum or Articles of Association of the Company or to adopt new Articles of Association of the Company;
- (e) to give any guarantee or indemnity which is material in relation to the business of the Group as a whole (except in the normal course of its business or for the benefit of or in favour of a wholly-owned subsidiary);
- (f) to the appointment or removal of the auditors of the Company or to any change in the accounting reference date of the Company or any subsidiary;
- (g) to any resolution to wind-up or dissolve the Company or any of its subsidiaries (other than for the purposes of amalgamation or reconstruction);
- (h) to any resolution by the Company or any of its subsidiaries to purchase or redeem any of its shares;
- (i) to the merger or amalgamation of the Company or any of its subsidiaries with any other Company or to the acquisition of the whole or part of the assets or undertaking of any other Company or business which is substantial in relation to the business of the Group taken as a whole;
- (j) to declare make or pay any dividend or other distribution to the holders of the Ordinary Shares in excess of £35,000 in aggregate in respect of the financial year ending 31 December 1993, £80,000 in aggregate in respect of the financial year ending 31 December 1994, £90,000 in respect of the financial year ending 31 December 1995 or £100,000 in respect of any financial year ending on or after 31 December 1996.

(2) For the purposes of paragraphs 3.2(E)1(c) and (h) above, the consent or sanction of the holders of the "A" Ordinary Shares shall be deemed to have been given in accordance with the provisions of paragraph 12.1 for the purpose of the lawful repurchase by the Company out of distributable profits of the Company of:

- (a) 189,981 Deferred Shares during the six month period following the holding of each annual general meeting at which the audited accounts for each of the four financial years ending 31 December 1996, 1997, 1998 and 1999 respectively are adopted by the Company; and
- (b) any of the Deferred Shares remaining in issue at any time after the holding of the annual general meeting at which the audited accounts for the financial year ending 31 December 2000 are adopted by the Company.

(F) Deferred Shares

(1) As regards variation of rights:

The rights attaching to the Deferred Shares shall be deemed to be varied by the reduction of the capital paid up thereon but shall not be deemed to be varied:-

- (a) by the creation or issue of shares carrying the right to participate in dividends or other distributions of profit of the Company
- (b) by the creation or issue of shares carrying the right to vote at general or other meetings of the Company
- (c) by the creation or issue of shares ranking in priority to both the Ordinary Shares and the Deferred Shares in respect of capital
- (d) by the creation or issue of shares which are redeemable or liable to be redeemed at the option of the Company or the holders thereof

(2) As regards voting rights:

The Deferred Shares shall entitle the holders thereof to receive notice of and to attend at all annual general meetings of the Company but they shall not entitle the holders thereof to receive notice of any other general meeting of the Company nor shall they entitle the holders thereof to vote at any annual or other general meeting of the Company.

3.3 The shares will be under the control of the directors who, subject to the provisions of Section 80 and Sections 89(1) and 90 of the Act and any resolutions of the Company in general meeting passed pursuant to them, may allot and dispose of or grant options over the same to any persons, and on any terms and in any manner as they think fit.

- 3.4 Subject to the provisions of the Act, any shares of a class within the capital of the Company as authorised from time to time may be issued on terms that they are to be, or at the option of the Company or a member holding such shares are liable to be, redeemed on such date or between such dates as the directors may fix before the issue of such shares and on such terms and conditions as are contained in or, as to the amount payable on redemption, determined in accordance with the articles of association of the Company.
- 3.5 The Company will have power to purchase its own shares (whether issued on the terms that they are to be, or are liable to be, redeemed or not) subject to the requirements of Sections 162 to 170 (inclusive) of the Act.
- 3.6 The Company will have power to redeem or purchase its own shares out of capital subject to the provisions of Sections 171 to 177 (inclusive) of the Act.
- 3.7 Except as required by law, and even when the Company has express notice, no person will be recognised by the Company as holding any share upon any trust and (except as otherwise provided by these articles or by law) the Company will not be bound by or recognise any interest in any share except an absolute right to the entirety of it in the holder.
- 3.8 The second sentence of Regulation 6 in Table A shall be substituted by the following:
- “Every certificate shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount paid up thereon, and such a certificate signed by a director of the Company together with the secretary or a second director shall be evidence of the title of the registered holder to the shares, whether or not the common seal of the Company (if it has one) has been affixed and regardless of any words in the certificate referring to a seal”.

LIEN

- 4 The lien conferred by Regulation 8 of Table A will also attach to shares (not being fully paid up shares) registered in the name of any person indebted or under liability to the Company, whether he is the sole holder or is one of two or more joint holders of such shares.

CALLS ON SHARES

- 5.1 Subject to the terms of allotment of shares the directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of the nominal value of the shares or by way of premium) that are not payable at fixed times under the terms of allotment.
- 5.2 Each member will within 14 days' notice to such effect pay to the Company as required by the notice the amount called on his shares. A call may be revoked or postponed in whole or part before receipt by the Company of any moneys due under it, as the directors may determine.
- 5.3 The holder of a share at the time a call is due to be paid will be the person liable to pay the call and in the case of joint holders they will be jointly and severally liable.

- 5.4 If any amount payable in respect of a share on allotment or at a fixed date (whether in respect of the whole or part of the nominal value of the share or by way of premium) is not paid on the date on which by the terms of issue the same becomes payable, the relevant provisions of these articles and (insofar as applicable) Table A will apply as if that amount had become payable by virtue of a call duly made and notified.

TRANSFER AND TRANSMISSION

- 6 Regulation 24 of Table A shall be modified by adding at the end: "Provided that the Directors shall have no such discretion to refuse to register a transfer of shares where the proposed transferee is a mortgagee or chargee (or a trustee for a mortgagee or chargee) of the shares in question or a purchaser, transferee or other recipient of such shares from such mortgagee or chargee (or a trustee for such mortgagee or chargee)".

ALTERATION OF SHARE CAPITAL

- 7.1 The Company may by ordinary resolution:
- (a) increase its share capital by new shares of such amount as the resolution prescribes;
 - (b) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
 - (c) subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of smaller amounts and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and
 - (d) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled.
- 7.2 Subject to the provisions of the Act, the Company may by special resolution reduce its issued share capital, any capital redemption reserve and any share premium account in any way.

GENERAL MEETINGS

- 8.1 All general meetings other than annual general meetings will be called extraordinary general meetings.
- 8.2 The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, will immediately proceed to convene an extraordinary general meeting for a date not later than 28 days after the date of the notice convening the meeting. If there are insufficient directors within the United Kingdom to call a general meeting, any director or any member of the Company may call a general meeting.

NOTICE OF GENERAL MEETINGS

- 9.1 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution will be called by at least 21 clear days' notice. All other general meetings will be called by at least 14 clear days' notice, but a general meeting may be called by shorter notice if it is agreed:
- (a) in the case of an annual general meeting, by all the members entitled to attend and vote or their duly appointed proxies;
 - (b) (subject to any elective resolution for the time being in force under Section 379A of the Act) in the case of any other meeting, by a majority in number of the members having a right to attend and vote, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.
- 9.2 The notice will specify the time and place of the meeting and the nature of the business to be transacted and, in the case of an annual general meeting, will specify the meeting as such.
- 9.3 Subject to the provisions of these articles and to any restrictions imposed on any shares, the notice will be given to all members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors of the Company.
- 9.4 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice will not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

- 10.1 No business will be transacted at any meeting unless a quorum is present. A quorum will be two persons entitled to vote upon the business to be transacted, each being either a member or a proxy for a member or, in the case of a corporate member, a duly authorised representative of that corporation.
- 10.2 If within half an hour after the time appointed for the meeting a quorum is not present, or if during a meeting a quorum ceases to be present, the meeting if convened upon the requisition of members will be dissolved. In any other case, it will be adjourned to such other day and such other time and place as the directors may determine and if at the adjourned meeting a quorum is not present or ceases to be present then the member or members present will be a quorum.
- 10.3 The chairman, if any, of the board of directors or, in his absence, another director nominated by the directors, will preside as chairman of the meeting, but if neither the chairman nor such other director (if any) is present within 15 minutes after the time appointed for holding the meeting and willing to act, the directors present will elect one of their number to be chairman and, if there is only one director present and willing to act, he will be chairman. If no director is willing to act as chairman, or if no director is present within 15 minutes after the time appointed for holding the meeting, the members present and entitled to vote may choose one of their number to be chairman.

10.4 A director, despite his not being a member, is entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.

10.5 The chairman may (and must if so directed by the meeting), adjourn the meeting from time to time and from place to place in the following circumstances:-

- (a) with the consent of a meeting at which a quorum is present;
- (b) where in his unfettered judgment it is impossible for all the members present to take part in the debate and to vote;
- (c) in the event of his considering that disorder is occurring.

No business may be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for 14 days or more, at least 7 clear days' notice must be given specifying the time and the place of the adjourned meeting and the nature of the business to be transacted. Otherwise it will not be necessary to give any such notice.

10.6 A resolution put to the vote of a meeting will be decided on a show of hands unless before or on declaration of the result of the show of hands, a poll is duly demanded.

Subject to the provisions of the Act, a poll may be demanded:-

- (a) by the chairman; or
- (b) by at least one member having the right to vote at the meeting.

10.7 Unless a poll is duly demanded, a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, will be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

10.8 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman. A demand so withdrawn will not be taken to have invalidated the result of a show of hands declared before the demand was made.

10.9 A poll will be taken as directed by the chairman and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll will be deemed to be the decision of the meeting at which the poll was demanded.

10.10 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman will be entitled to a casting vote in addition to any other vote he may have.

- 10.11 A poll demanded on the election of a chairman or on a question of adjournment must be taken immediately. A poll demanded on any other question must be taken either immediately or at a time and place directed by the chairman which may not be more than 30 days after the poll is demanded. The demand for a poll will not prevent the meeting continuing for the transaction of any business other than a question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn with the consent of the chairman, the meeting will continue as if the demand had not been made. No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least 7 clear days' notice must be given specifying the time and place at which the poll is to be taken.
- 10.12 A resolution in writing signed by all the members of the Company entitled to attend and vote at a general meeting, or by their duly appointed proxies or attorneys, will, subject to the provisions of the Act, be as valid and effective as if it had been passed at a general meeting of the Company properly convened and held whether such resolution would otherwise be required to be passed as a special, extraordinary or elective resolution. Any such resolution may be contained in one document, or in several documents in the same terms, each signed by one or more of the members or their proxies, or attorneys. Signature of documents sent by facsimile will be valid and acceptable under this paragraph. Signature in the case of a corporate member will be sufficient if made by a director of such member or by its duly authorised representative.

VOTES

- 11.1 Only Ordinary Shares registered in the name of Mr R F Peacock or Mr H Child or Peacock Group Limited (or any subsidiary undertaking of Peacock Group Limited) shall carry the right to attend and vote at general meetings of the Company. At any such general meeting, whether on a show of hands or on a poll, each such member present in person or by proxy shall have one vote for each Ordinary Share registered in his or its name.
- 11.2 No member will be entitled to vote at any general meeting, or at any separate meeting of the holders of any class, unless all calls or other sums presently payable by him in respect of shares of the Company have been paid.
- 11.3 On a poll, votes may be given either personally or by proxy or by corporate representative. A member may not appoint more than one proxy and a corporate member may not appoint more than one representative to attend on the same occasion.
- 11.4 An instrument appointing a proxy must be in writing, executed by or on behalf of the appointor (if a corporation, under the hand of a duly authorised officer of the corporation) and be in a form determined by the directors or, failing such determination, in any usual form.
- 11.5 The instrument appointing a proxy and any authority under which it is executed, or a copy of that authority certified notarially, or in some other way approved by the directors may:-

- (a) be deposited at the registered office of the Company, or at another place within the United Kingdom specified by the notice convening the meeting, or in any instrument of proxy sent out by the Company in relation to the meeting, not less than 1 hour before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
- (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as stated above after the poll has been demanded and not less than 1 hour before the time appointed for the taking of the poll; or
- (c) where the poll is not taken immediately but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director or deposited as stated above after the poll has been demanded but not less than 1 hour before the time appointed for the taking of the poll;

and an instrument of proxy which is not deposited or delivered in the manner permitted above will be invalid.

- 11.6 In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders; and seniority will be determined by the order in which the names of the holders stand in the register of members.

VARIATION OF RIGHTS

- 12.1 Whenever the capital of the Company is divided into different classes of shares, the rights or privileges attached to any class may (unless otherwise provided by the terms of issue of the shares of that class, be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of three-fourths in nominal amount of the issued shares of the class, or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders (but not otherwise).
- 12.2 For the purposes of paragraph 12.1 above all the provisions of these articles relating to general meetings shall, *mutatis mutandis*, apply to every separate general meeting of the holders of each class of shares, except that:-
- (a) unless there is only one holder of such class of shares, the necessary quorum shall be two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class or, at any adjourned meeting of such holders, those members who are present in person or by proxy, whatever their holdings; and
 - (b) the holders of shares of the class shall, on a poll, have one vote in respect of every share of the class held by them respectively.
- 12.3 If holders of more than 75% in aggregate of the "A" Ordinary vote against an ordinary or special resolution required by the Acts to give effect to any of those matters described in Article 3.2(E) of these Articles as constituting a variation in class rights such holders voting against such resolutions shall between them be

entitled on a poll to cast such number of votes as equal the greater of (i) the actual number of votes cast by such holders and (ii) in relation to an ordinary resolution, 51% of the total number of votes cast at any general meeting at which the ordinary resolution is put and in relation to a special resolution, 76% of the total number of votes cast at any general meeting in respect of which such special resolution is put.

- 12.4 The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of some of such shares or in these articles, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith.

NUMBER OF DIRECTORS

- 13 Unless and until the Company by special resolution determines otherwise, the number of directors will be not less than two.

ALTERNATE DIRECTORS

- 14.1 Each director will have power by writing to nominate either another director or any other person willing to act and (except in the case of any such nomination by the Special Director) approved for the purpose by a resolution of the directors, to act as his alternate director. He may also at his discretion remove his alternate director by notice in writing to the Company. An alternate director will have the same entitlement as his appointor to receive notices of meetings of the directors and to attend, vote and be counted for the purpose of a quorum at any meeting at which his appointor is not personally present, and generally in the absence of his appointor to exercise and discharge all the functions, powers and duties of his appointor.
- 14.2 Except as otherwise provided in these articles, the alternate director will, during his appointment, be deemed to be a director for the purposes of these articles. He will not be deemed to be an agent of his appointor, and will alone be responsible to the Company for his own acts or defaults and will be entitled to be indemnified by the Company to the same extent as if he were a director.
- 14.3 An alternate director will not, in respect of his office of alternate director, be entitled to receive any remuneration from the Company nor to appoint another person as his alternate. The appointment of an alternate director will automatically determine if his appointor ceases for any reason to be a director, or on the happening of an event which, if he were a director, would cause him to vacate the office of director, or if by written notice to the Company he resigns his appointment.

POWERS OF DIRECTORS

- 15.1 Subject to the provisions of the Act, the memorandum of association of the Company and these articles and to any directions given by special resolution, the business of the Company will be managed by the directors who may exercise all the powers of the Company. No alteration of such memorandum or articles and no such direction will invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given.

- 15.2 The directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for any purposes and on any conditions as they determine, including authority for the agent to delegate all or any of his powers.
- 15.3 The directors may establish and maintain, or procure the establishment and maintenance of, any pension or superannuation funds (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances and emoluments to, any persons (including directors and other officers) who are or were at any time in the employment or service of the Company, or of any Company which is or was a subsidiary of the Company or allied to or associated with the Company or any such subsidiary, or if any of the predecessors in business of the Company or of any such other Company as stated above, and the spouses, widows, widowers, families and dependants of any such persons, and make payments to, for or towards the insurance of or provide benefits otherwise for any such persons as stated above.
- 15.4 The remuneration of non-executive directors will be fixed by the Board and, unless otherwise resolved, shall be deemed to accrue from day to day.

DELEGATION OF DIRECTORS' POWERS

- 16 The directors may delegate any of their powers to any committee consisting of two or more directors. They may also delegate to any managing director or any director holding any other executive office any of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the directors may impose and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members must be governed by the articles regulating the proceedings of directors, so far as they are capable of applying.

APPOINTMENT AND RETIREMENT OF DIRECTORS

- 17.1 Subject to paragraph 18.3 the Company by ordinary resolution may appoint another person in place of a director removed from office by resolution of a general meeting, and without prejudice to the powers of the directors under the next following regulation, may appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.
- 17.2 The directors may appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number fixed by or in accordance with these articles as the maximum number of directors.
- 17.3 After the earlier of:-
- (i) the death of one of the Founders:
 - (ii) one of the Founders ceasing to hold 5% or more in nominal value of the total issued Ordinary Share Capital; or
 - (iii) one of the Founders ceasing to hold office as a director

no appointment of any director shall be valid or effective unless such appointment has been approved in writing by the Special Director and by the surviving Founder, such approval not to be unreasonably withheld or delayed.

17.4 After the earlier of:-

- (i) the death of both Founders; or
- (ii) both Founders ceasing to hold 5% or more in nominal value of the total issued Ordinary Share Capital respectively; or
- (iii) both Founders ceasing to hold office as directors of the Company; or
- (iv) any combination of two or more of the events set out in paragraphs 17.3(i), 17.3(ii) and 17.3(iii) above applying to more than one Founder

no appointment of any director other than a Special Director shall be valid or effective unless such appointment has been approved in writing by the Special Director, such approval not to be unreasonably withheld or delayed.

17.5 At any time or from time to time either the holder or holders of three-quarters in nominal value of such part of the issued share capital of the Company as confers the right for the time being to attend and vote at general meetings of the Company may by memorandum in writing signed by or on behalf of him or them and left at or sent to the registered office of the company or the Company in general meeting may (other than in respect of a Special Director) appoint any person to be a director or remove any director from office. Any removal as aforesaid shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the Company.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

18.1 The office of a director must be vacated in any of the following events namely:-

- (a) if, by notice in writing to the Company, he resigns his office;
- (b) if he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (c) if he is, or may be, suffering from mental disorder and either:-
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
 - (ii) an order is made by a Court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;

- (d) if he ceases to be a director by virtue of any provision of the Act, or he becomes prohibited by law from being a director;
- (e) if he is absent from meetings of the Board for six successive months without leave, unless prevented by illness, unavoidable accident or other cause which may seem to the other members of the Board to be sufficient, and his alternate director (if any) has not during this period attended in his place, and the directors resolve that his office should be vacated;
- (f) if having been appointed pursuant to paragraph 3.2(D) he is removed from office by those entitled to remove him;
- (g) if he is removed under the provisions of paragraph 17.5.

18.2 No director will vacate his office or become ineligible for appointment or re-appointment as a director by reason only of his having attained any particular age, nor will special notice be required of any resolution appointing or approving the appointment of such a director, or any notice be required to state the age of the person to whom such a resolution relates.

18.3 For so long as the aggregate number of the issued "A" Ordinary Shares beneficially held by the Investors shall represent not less than 7.125% (or if there shall be in issue 27,049 "A" Ordinary Shares, 9.5%) of the aggregate number of issued Ordinary and "A" Ordinary Shares in the capital of the Company only the holders of the "A" Ordinary Shares shall have conferred upon them the right to vote upon any resolution for the removal of a Special Director and then only in accordance with the provisions of paragraph 3.2(D).

18.4 If the aggregate number of issued "A" Ordinary Shares in the capital of the Company held by the Investors at any time represents less than 7.125% of the total aggregate number of issued Ordinary and "A" Ordinary Shares in the capital of the Company, the holders of a majority of the Ordinary Shares in the capital of the Company by memorandum in writing signed by or on behalf of him or them and left at or sent to the registered office of the Company or the Company in general meeting may remove any Special Director from office. Where a Special Director is removed pursuant to this paragraph 18.4, all rights of the Special Director under these Articles, and obligations to the Special Director shall lapse, and these Articles shall be read as if such rights and obligations did not appear.

DIRECTORS' APPOINTMENTS AND INTERESTS

19.1 The directors may from time to time appoint one or more of their body to be the managing director, or to hold another office in the management, administration or conduct of the business of the Company for any period (subject to Section 319 of the Act) and on terms as they think fit, and, subject to the terms of any agreement entered into in any particular case, may revoke that appointment. Subject to the terms of any such agreement, a managing director or a director appointed to any other office as stated above will be subject to the same provisions as to resignation and removal as the other directors of the Company and will automatically and immediately cease to be the managing director or to hold any other office in the management, administration or conduct of the business of the Company if he ceases to hold the office of director for any reason but without prejudice to any

claim for damages for breach of any contract of service between the director and the Company.

19.2 the remuneration of the managing director or any director who may be appointed to any other office in the management, administration or conduct of the business of the Company will from time to time (subject to the provisions of any agreement between him and the Company) be fixed by the directors. It may comprise fixed salary, or commission on the dividends, profits, sales or turnover of the Company, or of any other Company in which the Company is interested, or other participation in any such profits, or by way of or provision for a pension or pensions for himself or his dependants, or by all or any of these modes, and (subject as stated above) the remuneration fixed will be additional to any ordinary remuneration to which he may be entitled as a director of the Company.

19.3 Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director despite his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company, or in which the Company is otherwise interested; and
- (c) will not as a consequence of his office be held accountable to the Company for any benefit which he derives from any such office or employment, or from any such transaction or arrangement, or from any interest in such body corporate; and no such transaction or arrangement may be avoided on the ground of any such interest or benefit.

19.4 For the purposes of paragraph 19.3:

- (a) a general notice given to the directors by a director, that he has an interest of a specified nature and extent in any transaction or arrangement in which a specified person or class of persons is interested will be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and
- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge, will not be treated as an interest of his.

PROCEEDINGS OF DIRECTORS

20.1 Subject to the provisions of these articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director will, call a meeting of the directors. Questions arising at a meeting will be decided by a majority of votes. In the case of an equality of votes, the chairman will have a second or casting vote. A director who is also an alternate director will

be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

- 20.2 Subject to paragraph 20.3 notice of the time, place and purpose of every meeting of the directors must be given to every director and to his alternate (if any). However, save in the case of the Special Director or his alternate (unless he should otherwise direct in writing to the contrary) the non-receipt of notice by any director or alternate director will not invalidate the proceedings of the directors. Unless a majority of the directors and the Special Director (or his alternate or in their absence, the Lead Investor) indicate their willingness to accept shorter notice of a meeting of directors, subject to any provision to the contrary in 20.3, at least seven days' notice must be given save in the case of genuine emergency. Every notice of a meeting of the directors required to be given under these articles may be given orally (personally or by telephone) served personally or sent by prepaid letter post, cable, telex, telegram, confirmed facsimile or tele-message to the address for the time being supplied for the purpose to the secretary of the Company. No material business may be transacted at any meeting of the directors which was not contained and specified in reasonable detail in the notice convening the meeting if sent, or if convened orally, notified in reasonable detail at the relevant time without the prior written consent of the Special Director.
- 20.3 Any director for the time being absent from the United Kingdom will if he so requests, be entitled to be given notice as prescribed herein of meetings of the directors to such address in the United Kingdom, if any, as the director may from time to time notify to the Company but, except as stated above, it will not be necessary to give notice of a meeting to a director who is absent from the United Kingdom.
- 20.4 The quorum necessary for the transaction of the business of the directors may be fixed by the directors and, unless fixed, will be (as long as there is more than one director in office) two persons and shall contain the Special Director and (for so long as they or the trustees of their approved trust(s) hold any Ordinary shares and provided they have not ceased to be directors) one of the Founders or their duly appointed alternates PROVIDED always that if the Special Director and one of the Founders (for so long as the Founders are directors and they, or their trustees, are shareholders as specified above) shall have been given proper notice of a meeting in accordance with these articles or if not given because the provisions of paragraph 20.3 above apply and shall not be in attendance within half an hour after the appointed time for the meeting or shall have notified the Secretary of the company or any director that he will not be attending the meeting such meeting shall be quorate notwithstanding the absence of the Special Director or his alternate or one of the Founders or his alternate. An alternate director who is not himself a director will, if his appointor is not present, be counted towards the quorum.
- 20.5 The continuing directors or a sole continuing director may act despite any vacancies in their number. However, if the number of directors is less than the number fixed as the quorum, they or he may act only for the purpose of filling vacancies or of calling a general meeting.
- 20.6 The directors may elect one of their number to be chairman of the board of the directors and may at any time remove him from that office. If there is no director

holding that office, or if the director holding it, being entitled to and having been given notice of the meeting of directors, is not present within five minutes after the time appointed for it, the directors present must appoint one of their number to be chairman of that meeting.

- 20.7 A meeting of the directors may, subject to notice of it having been given or dispensed with in accordance with these articles, be for all purposes deemed to be held when a director is, or directors are, in communication by telephone, television or some other audio visual medium with another director or other directors provided always that the number of the said directors participating in the communication constitutes a quorum of the board as stipulated by these articles. A resolution made by a majority of the said directors in pursuance of this paragraph 20.7 will be as valid as it would have been if made by them at an actual meeting duly convened and held.
- 20.8 A resolution in writing, signed or approved by letter, telegram, confirmed facsimile, tele-message or telex by all the directors will be as valid and effective as if it had been passed at a meeting of directors, or (as the case may be), a committee of directors duly convened and held. The resolution may consist of several documents in the same terms each signed by one or more directors; but a resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.
- 20.9 All acts done by a meeting of directors, or of a committee of directors, or by a person acting as a director will, despite that it is afterwards discovered that there was a defect in the appointment of any director or that any of them was disqualified from holding office, or had vacated office, or was not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.
- 20.10 A director who is in any way either directly or indirectly interested in a contract or arrangement, or proposed contract or arrangement, with the Company must declare the nature of his interest at a meeting of the directors in accordance with section 317 of the Act. Subject to such a disclosure, a director will be entitled to vote in respect of any contract or arrangement in which he is interested and if he does so, his vote will be counted and he may be taken into account in ascertaining whether a quorum is present.
- 20.11 A director may not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

DIVIDENDS

- 21.1 The following sentence will be added to the end of Regulation 104 of Table A:
- “the person entitled to any dividend will be the holder (as defined in Table A) of the share upon the date determined by the resolution declaring the dividend (or in the case of any interim dividend, determined by the directors) in respect of that share.”

- 21.2 The directors may deduct from any dividend payable on or in respect of a share all sums of money presently payable by the holder to the Company, on any account whatsoever.

CAPITALISATION ISSUE

- 22 The directors may with the authority of an ordinary resolution of the Company:
- (i) subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying the Preference Dividend or the Participating Dividend or any other preferential dividend (whether or not any are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve;
 - (ii) appropriate the sum involved to be capitalised to the members or any class of members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or toward paying up the amounts, if any, for the time being unpaid on shares held by them respectively or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum, and allot the share or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other; but the share premium account, the capital redemption reserve and any profits which are not available for distribution may, for the purposes of this article, only be applied in paying up unissued shares to be allotted to members credited as fully paid provided always that for the purposes of such appropriation the holders of the Ordinary Shares and the "A" Ordinary Shares shall rank *pari passu* as if the same constituted one class of share;
 - (iii) make such provision by the issue of fractional certificates or by payment in cash or otherwise as becoming distributable under this article in fractions; and
 - (iv) authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

NOTICES

- 23.1 A notice may be given by the Company to any member or director either personally or by sending it by pre-paid post, tele-message, confirmed facsimile or telex to his registered address within the United Kingdom or to any other address within the United Kingdom supplied by him to the Company for the giving of notice to him. A properly addressed and pre-paid notice sent by post will be deemed to have been given, in the case of a meeting, upon the day following that on which the notice is posted and, in the case of notice of any other matter, at the time at which the notice would be delivered in the ordinary course of post.

- 23.2 A notice given by telegram or tele-message will be deemed to have been given at the expiry of 24 hours after it is delivered by the Company to the relevant transmitting authority.
- 23.3 A notice given by telex or confirmed facsimile will be deemed to have been given at the same time as it is transmitted by the Company.
- 23.4 In the case of joint holders of a share, all notices will be given to the joint holder whose name stands first in the register of members in respect of the joint holding, and notice so given will be sufficient notice to all the joint holders.
- 23.5 Except as otherwise provided in these articles, all notices to be given pursuant to these articles, other than one calling a meeting of the directors, must be in writing.

INDEMNITY

- 24.1 Subject to the provisions of section 310 of the Act, every director, agent, secretary and other officer of the Company will be entitled to be indemnified out of the assets of the Company against all losses or liabilities properly incurred by him in or about the execution and discharge of the duties of his office. Regulation 118 of Table A shall be extended accordingly.
- 24.2 The directors may at their discretion and on such terms as they think fit purchase and maintain for the Company or for any director, secretary or other manager or officer other than auditor of the Company insurance against any liability which might by virtue of any rule of law attach to such director, secretary, or other manager or officer in relation to any negligence, default, breach of duty or breach of trust in relation to the Company or its business or affairs or to any subsidiary and against such liability as mentioned in the preceding article.