

*Certified true copy*  
*John Law*  
*2/1/97*

223354

DATED 19th December 1996

CABLE COMPONENTS LIMITED

- and -

THE INNOVATION FUND acting through  
LANCASHIRE COUNTY ENTERPRISES (INVESTMENTS) LIMITED

- and -

CABLE COMPOUNDS LIMITED

- and -

P.H. GILES ESQ. and OTHERS

SHARE EXCHANGE AND PURCHASE AGREEMENT

Cobbetts  
Solicitors  
Ship Canal House  
King Street  
Manchester  
M2 4WB  
CLAAJC\SHEXALCE.AJC



THIS AGREEMENT is made the 19th day of December 1996

B E T W E E N :

- (1) CABLE COMPONENTS LIMITED (Company No: 2231354) whose registered office is at P.O. Box 31, Unit 1 Prospect Mill, Walter Street, Blackburn BB1 1TN ("the Purchaser");
- (2) LANCASHIRE COUNTY ENTERPRISES (INVESTMENTS) LIMITED acting on behalf of the Innovation Fund whose registered office is at Enterprise House, 17 Ribblesdale Place, Preston, Lancashire ("LCE(I)L")
- (3) CABLE COMPOUNDS LIMITED (Company No. 2795081) whose registered office is at PO Box 31, Unit 1 Prospect Mill, Walter Street, Blackburn BB1 1TN ("Compounds")
- (4) PETER HARDWICK GILES of Arden House, Lamb Lane, Ashley Cheshire WA14 3QG PETER ARTHUR ROBINSON of Ryde Bank, 252 Compstall Road, Romiley, Cheshire SK6 4JG ANTHONY JOHN PYLE of Grove House Station Road Prees Whitchurch Shropshire SY13 2DW CHRISTOPHER WILLIAM GADMAN of 36 Hereford Way, Middleton, Manchester, M24 2WN and PHILLIP CHARLES WEBBER of 6 Hornsea Close Chadderton Oldham Manchester OL9 0PY ("the Directors")

W H E R E A S :

- (A) The Innovation Fund acting by its manager LCE(I)L is the registered holder of 33 Cumulative Participating Preferred Ordinary Shares of £1 each ("the CPPO Shares") and 167 Cumulative Convertible Preference Shares of £1 each ("the CCP Shares") in the capital of Compounds

- (B) LCE(I)L and the Purchaser own between them the entire issued share capital of Compounds
- (C) LCE(I)L has agreed to transfer the CPPO Shares and the CCP shares to the Purchaser in return for the issue of shares in the Purchaser and the sum of £167 in cash.

**NOW IT IS HEREBY AGREED AS FOLLOWS:-**

**1. SHARE EXCHANGE AND PURCHASE**

LCE(I)L shall transfer to the Purchaser with full title guarantee the CPPO Shares and the CCP Shares ("the Shares").

**2. CONSIDERATION**

- 2.1 The consideration for the transfer of the CPPO Shares by LCE(I)L shall be the issue and allotment by the Purchaser to LCE(I)L of 8772 Cumulative Convertible Preferred Ordinary Shares of £1 each in the Purchaser ("the Consideration Shares"). All the Consideration Shares shall be issued credited as fully paid.
- 2.2 The consideration for the transfer of the CCP Shares by LCE(I)L shall be the sum of £167 in cash.

**3. PRE-COMPLETION REQUIREMENTS**

Completion of this Agreement is conditional upon:-

- 3.1. the Directors waiving in favour of LCE(I)L all or any rights competent to each of them under the Purchaser's Articles of Association or otherwise which may inhibit the subscription by LCE(I)L for the Consideration Shares or the registration of LCE(I)L or its nominee as the proprietor thereof;
- 3.2. the Articles of Association of the Purchaser being amended by the adoption of the Articles of Association set out in Schedule 1;

- 3.3. the increase of the authorised share capital of the Purchaser to £373,772 by the creation of a further 8772 Cumulative Convertible Preferred Ordinary Shares of £1 each having the same rights attaching to them as and ranking pari passu in all respects with the Cumulative Convertible Preferred Ordinary Shares of £1 in the capital of the Purchaser in issue and as contained in the Purchaser's Articles of Association.

#### 4. COMPLETION

Completion shall take place, subject to Clause 3 immediately after the execution of this Agreement when:-

- 4.1 LCE(I)L shall cause to be delivered to the Purchaser transfers of the CPPO Shares and the CCP Shares duly executed in favour of the Purchaser together with the relative share certificates;
- 4.2 the Purchaser shall issue and allot to LCE(I)L the Consideration Shares and issue to it duly executed share certificates for the Consideration Shares;
- 4.3 the Purchaser shall pay to LCE(I)L the sum of £167 in cash;
- 4.4 the Purchaser shall procure that the Articles of Association of Compounds shall be amended by the adoption of the Articles of Association set out in Schedule 2;
- 4.5 the Purchaser shall procure that the authorised share capital of 100 Cumulative Participating Preferred Ordinary Shares of £1 each of which 33 are in issue and the authorised share capital of 89,900 Cumulative Convertible Preference Shares of £1 each of which 167 are in issue in the capital of Compounds shall be converted into 90,000 Ordinary Shares of £1 each, of which 200 shall be in issue ranking pari passu in all respects with the existing Ordinary Shares of £1 each in the capital of Compounds.

4.6 Compounds shall repay to LCE(I)L the sum of *sixty two thousand seven hundred pounds and eighty eight pounds and seven pence* (£62,788.07) being all money outstanding including principal interest and arrears at Completion of the loan advanced to it pursuant to an agreement made between LCE(I)L and Compounds dated 1st May 1993.

## 5. LOAN AGREEMENT

Subject as herein provided LCE(I)L will on or after Completion advance to the Purchaser the sum of £49,800 ("the Loan") to be made on the terms and conditions set out in a loan agreement of even date herewith and made between (1) the Purchaser and (2) The Innovation Fund acting by its manager LCE(I)L ("the Loan Agreement") provided that and in consideration whereof at Completion Compounds shall repay to LCE(I)L the sum of *sixty two thousand seven hundred and eighty eight pounds and seven pence* (£62,788.07) being the outstanding principal sum of £49,800 together with all interest and arrears accrued thereon pursuant to an agreement made between (1) Compounds and (2) LCE(I)L on 1st May 1993.

## 6. CONTINUING OBLIGATIONS

The Purchaser shall repay the Loan to LCE(I)L with interest thereon or on the balance thereof for the time being outstanding at the times and in the manner and at the time specified in the Loan Agreement.

## 7. COVENANTS

7.1 The Purchaser hereby covenants and agrees with LCE(I)L (on behalf of the Innovation Fund) and its successors or assigns that so long as any part of the Loan or any interest thereon is outstanding or so long as LCE(I)L or Lancashire Enterprises plc ("LE plc") or a subsidiary of LE plc is the proprietor of any shares in the capital of the Purchaser the Purchaser shall comply with the provisions contained in clauses 7(1) and 7(2) of the agreement for the subscription by Lancashire Enterprises

(Investments) Limited (now LCE(I)L) of shares in the capital of the Purchaser and made between (1) the Purchaser (2) Lancashire Enterprises (Investments) Limited and (3) P Giles Esq & Others dated 16th May 1988 ("the Subscription Agreement") provided that in the interpretation thereof:-

- (1) LCE(I)L shall be substituted for references to LE(I)L;
- (2) the Purchaser shall be substituted for references to the Company;
- (3) the Loan shall be deemed to be the Loan referred to in this Agreement and constituted by the Loan Agreement;
- (4) in the event of there being any conflict between the provisions contained in Clauses 7(1) and 7(2) of the Subscription Agreement and any of the provisions of this Agreement or the Loan Agreement the provisions of this Agreement and the Loan Agreement shall prevail.

7.2 The Directors hereby jointly and severally covenant and agree with LCE(I)L (on behalf of the Innovation Fund) and its successors or assigns on behalf of themselves and their heirs and assigns as holders of any of the equity share capital of the Purchaser to the extent of the provisions contained in Clause 8 of the Subscription Agreement provided that in the interpretation thereof:-

- (1) LCE(I)L shall be substituted for references to LE(I)L;
- (2) the Purchaser shall be substituted for reference to the Company;
- (3) the Directors shall be substituted for references to the Warrantors.

7.3 So long as any monies under the Loan Agreement are outstanding any capital expenditure budget of the Purchaser and any capital expenditure of the Purchaser not provided for in such a budget must be approved in writing by LCE(I)L provided that

any expenditure not exceeding £5,000 on any individual items or £20,000 in aggregate in any financial year of the Purchaser shall not require such approval.

## 8. GENERAL

- 8.1 All notices to be served under this Agreement shall be deemed to be validly served if sent by pre-paid first class post or delivered to the party concerned at the address for such party contained in this Agreement or at such substituted address as that party shall last have notified in writing to the party serving the notice.
- 8.2 Each of the obligations and undertakings undertaken or given by the parties hereto or any of them pursuant to this Agreement (excluding any obligation fully performed at Completion) shall continue in full force and effect notwithstanding Completion taking place and in the case of LCE(I)L notwithstanding any such transfer or assignment as is contemplated in Sub-Clause 8.4.
- 8.3 Any liability of LCE(I)L under this Agreement may in whole or in part be released compounded or compromised or time or indulgence given by LCE(I)L in its absolute discretion as regards any of the Directors the Purchaser or the Company without in any way prejudicing or affecting its rights against any other or others of the Directors the Purchaser or the Company under this Agreement.
- 8.4 The Directors and the Purchaser agree that the benefit of any provision in this Agreement may be enforced by the registered holder for the time being of the Consideration Shares and accordingly the benefit of any provision in this Agreement may be assigned by LCE(I)L and its successors in title without the consent of the Purchaser or the Company.
- 8.5 This Agreement (including all documents to be executed or adopted pursuant hereto) contains the whole agreement between the parties relating to the subject matter of this

Agreement and no variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the parties.

8.6 At any time after the date of this Agreement the Directors the Purchaser and the Company shall (and shall use all their reasonable endeavours to procure that any necessary third party shall) execute such documents and do such acts and things as LCE(I)L may reasonably require for the purpose of giving effect to all the provisions of this Agreement.

8.7 This Agreement and the documents to be executed or adopted pursuant hereto shall be governed by and construed in accordance with English Law and all the parties irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and such documents.

IN WITNESS whereof this Agreement has been entered into the day and year first before written.



**SCHEDULE ONE**  
**(Articles of Association of Cable Components Limited)**

THE COMPANIES ACT 1985  
COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

CABLE COMPONENTS LIMITED

(adopted by Special Resolution Passed on the

day of                      )

PRELIMINARY

1. (1) The Company is a private Company within the meaning of Section 1 of the Companies Act 1985 ('the Act').  
(2) The regulations contained in Table A in the Companies (Tables A-F) Regulations 1985 (hereinafter called 'Table A') shall apply to the Company save in so far as they are varied or excluded by or are inconsistent with these regulations.
2. Regulations 2, 3, 40, 50, 53, 54, 64, 72 to 81 (inclusive), 89, 93, 110 and the first sentence of Regulation 24 of Table A shall not apply to the Company and the words "The Directors may" shall be substituted for the first three words of the second sentence thereof.

SHARES

3. The Company may issue Shares which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholder in accordance with and subject to Section

159 of the Act and subject to Chapter VII of the Act the terms and manner in which such redemption may be effected are as set out in Article 6 hereof.

4. The Company may purchase its own Shares (including any redeemable Shares) in accordance with and subject to Section 162 of the Act.

5. Subject to Sections 173 to 181 of the Act and to Article 6 hereof the Company may make payments in respect of the redemption or purchase under Sections 160 or 162 of the Act of any of its own Shares otherwise than out of its distributable profits or the proceeds of a fresh issue of Shares.

6. The Share capital of the Company is £373,772 divided into 83,333 'A' Cumulative Redeemable Preference Shares of £1.00 each (in these Articles referred to as "the 'A' Preference Shares") 115,000 'B' Cumulative Redeemable Preference Shares of £1.00 each (in these Articles referred to as "the 'B' Preference Shares") 75,439 Cumulative Convertible Preferred Ordinary Shares of £1.00 each (in these Articles referred to as 'the Preferred Ordinary Shares') and 100,000 Ordinary Shares of £1.00 each (in these Articles referred to as the 'Ordinary Shares').

The rights attaching to the said respective classes of Shares shall be as follows:-

(1) Income

The profits which the Company determines to distribute in respect of any financial year shall be applied:

- (a) first, in paying to the holders of the 'A' Preference Shares a Fixed Cumulative Net Preferential Dividend at the rate of Ten pence net per

Share per annum on the amount for the time being paid up thereon payable half yearly in arrear on the 31st day of March and the 30th day of September in each year the first payment of such Dividend to be made on the 30th day of September 1988 on a per diem basis from the date of the 'A' Preference Shares being fully paid up;

- (b) second, in paying the holders of the 'B' Preference Shares a fixed Cumulative Net Preferential Dividend at the rate of twelve and three quarter pence net per Share per annum (rounded upwards to the nearest whole penny) on the amount for the time being paid up thereon payable half yearly in arrear on the 31st day of March and the 30th day of September in each year in the first payment of such dividend to be made on the 31st day of March 1992 on a per diem basis from the 19th day of February 1992;
- (c) third, in paying to the holders of the Preferred Ordinary Shares a Fixed Cumulative Net Preferred Dividend at the rate of Ten pence net per Share per annum on the amount for the time being paid up thereon payable half yearly in arrear on the 31st day of March and the 30th day of September in each year the first payment of such Dividend to be made on the 30th day of September 1989 such dividend to accrue on a per diem basis from the 16th day of May 1989;
- (d) fourth, in paying to the holders of the Preferred Ordinary Shares as a class a Cumulative Participating Preferential Dividend ('the Participating Dividend') of a sum net which shall be equivalent to three per cent of such part of the net profits (calculated as hereinafter

provided) of the Company for the relevant financial year as shall exceed the sum of £100,000; the Participating Dividend (if any) shall be payable no more than Fourteen days after the Annual General Meeting at which the audited accounts of the Company for the relevant financial year are adopted; for the purpose of calculating the Participating Dividend the expression 'net profits' shall mean the net profits of the Company calculated on the historical cost accounting basis as shown in the audited profit and loss account of the Company (or if at any time the Company has any subsidiary the consolidated net profits of the Company and its subsidiaries calculated on such basis as shown in the audited Consolidated Profit and Loss Account of the Company and its subsidiaries) for the relevant financial year:

- (i) before any provision is made for any dividend on any Share in the capital of the Company or any of its subsidiaries or for any other distribution or for the transfer of any sum to reserves;
- (ii) before any extraordinary or exceptional items as defined in the Statement of Standard Accounting Practice Number 6;
- (iii) before deducting any sum in respect of emoluments pension contributions and pensions payable to or for relevant Directors of the Company or any subsidiary in excess of One hundred and fifty thousand pounds in respect of the first accounting period and in respect of any subsequent accounting period such sum as shall be equivalent to the aforesaid sum increased by a percentage equivalent to the increase in the Retail Price Index

or by five per cent per annum (whichever shall be the less) or such greater increase as may be agreed in writing by the holders of the Preferred Ordinary Shares or a majority thereof (provided that in the event that any accounting period is not a period of 12 calendar months the said sum shall be increased or decreased pro rata in the same proportion as the increase or decrease of the accounting period from a period of 12 calendar months) for which purpose relevant Directors means Directors holding Shares in the Company or being members of the immediate family of persons holding Shares in the Company or persons who have transferred Shares in the Company to settlements or pension trusts in favour of members of their immediate families provided that if the number of relevant Directors employed by the Company on a full-time executive basis shall at any time fall below five the said sum of One hundred and fifty thousand pounds or such other sum as aforesaid shall be reduced by an amount bearing the same proportion to the whole of such sum as the total remuneration of each relevant Director ceasing to be in full time executive employment for the period of twelve calendar months immediately prior to the cessation of his employment (or the equivalent of such total remuneration for a period of twelve calendar months on a pro rata basis if his employment shall have been for less than twelve calendar months) shall bear to

the aggregate remuneration of all the relevant Directors for the same twelve month period;

- (iv) before deducting any profit related bonus paid to the relevant Directors;
- (v) before deducting or making any provision for corporation tax;
- (e) fifth, in paying to the holders of the Ordinary Shares as a class a dividend on each Ordinary Share equal to the aggregate amount paid on each Preferred Ordinary Share pursuant to sub-paragraphs (c) and (d) above;
- (f) sixth, in distributing the balance of the profits among the holders of the Preferred Ordinary Shares and the Ordinary Shares *pari passu* as if they were both Shares of the same class.

PROVIDED that the dividends provided for in sub-paragraphs (a), (b), (c) and (d) above shall be paid (to the extent that the Company has available profits in the financial year and so far as legally permissible) before any transfer to reserves. Every dividend shall be distributed to the appropriate shareholders *pro rata* according to the amount paid up or credited as paid up on the Shares held by them respectively.

(2) Capital

On a return of assets on liquidation or otherwise, the assets of the Company remaining after the payment of its liabilities shall be applied first in paying:-

- (a) to the holders of the 'A' Preference Shares the sum of One Pound per Share together with all arrears accruals or deficiency of the dividend on the 'A' Preference Shares calculated down to the date of the return

of capital and payable irrespective of whether such dividend has been declared or not;

- (b) second in paying to the holders of the 'B' Preference Shares calculated down to the date of return of capital and payable irrespective of whether such dividend has been declared or not;
- (c) third in paying to the holders of the Preferred Ordinary Shares the sum of One Pound per Share together with all arrears accruals or deficiency of the dividend on the Preferred Ordinary Shares calculated down to the date of the return of capital and payable irrespective of whether such dividend has been declared or not;
- (d) fourth in paying to the holders of the Ordinary Shares the sum of One Pound per Share and;
- (e) fifth the balance of such assets be distributed among the holders of the Preferred Ordinary Shares and of the Ordinary Shares in proportion to the amounts paid up or credited as paid up thereon respectively *pari passu* as if they were both Shares of the same class.

(3) Redemption of 'A' Preference Shares and 'B' Preference Shares:

- (a) subject to the provisions of the Companies Act 1985 the Company shall redeem the whole of the issued 'A' Preference Shares at par in amounts (to the nearest pound) equivalent to one-eighth of the nominal value of such Shares held by each holder thereof on the 16th day of February May August and November in each year commencing on the 16th day of August 1991 provided that the whole balance of such



Shares held shall in any event be redeemed on the 16th day of May 1993;

- (b) subject to the provisions of the Companies Act 1985 the Company shall redeem the following numbers of 'B' Preference Shares at par on or before the dates set out below:-

Number of 'B' Preference Shares to be redeemed	Final date for redemption
25,000	1st January 1994
25,000	1st July 1994
25,000	1st January 1995
40,000	1st July 1995

provided that the whole balance of such 'B' Preference Shares shall in any event be redeemed by the 2nd July 1995;

- (c) redemption shall take place at the Registered Office of the Company when the 'A' and 'B' Preference Shareholders shall deliver to the Company Certificates for the Shares to be redeemed and the Company shall pay to such shareholders the amount payable in respect of such redemption;
- (d) there shall be paid on each of the 'A' and 'B' Preference Shares so redeemed a sum equal to One Pound together with any arrears deficiency or accruals of the dividend thereon to be calculated down

to the date of redemption whether declared or not and the dividend thereon shall cease to accrue on that date unless upon delivery of the Certificates for such Shares payment of the redemption monies shall be refused.

(4) Conversion of Preferred Ordinary Shares

The holders of the Preferred Ordinary Shares may by written resolution signed by the holders of three-quarters of the issued Shares of that class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the Shares of that class (held in accordance with the rules specified in sub-paragraph (5) below) convert the whole of the class of Preferred Ordinary Shares into Ordinary Shares ranking pari passu with the other Ordinary Shares.

In the event that the Preferred Ordinary Shares are converted into Ordinary Shares as aforesaid the Fixed Cumulative Net Preferred Dividend thereon shall be paid up to and including the date of the resolution effecting such conversion and the Shares so converted shall not be entitled to any Participating Dividend for the financial year in which such conversion takes place (without prejudice to their right to any accumulated arrears or Participating Dividend in respect of previous years) but shall instead be entitled to any dividend declared on the Ordinary Shares for such year.

(5) Class rights

Whenever the capital of the Company is divided into difference classes of Shares the special rights attaching to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation

of a winding-up with the consent in writing of the holders of three quarters of the issued Shares of that class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the Shares of that class but not otherwise. To every such meeting all the provisions of these Articles relating to General Meetings of the Company shall mutatis mutandis apply except that the necessary quorum shall be one person at least holding or representing by proxy one third in nominal amount of the issued Shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those Members who are present shall be a quorum) that any holder of Shares of the class present in person or by proxy or being a corporation by its representative may demand a poll and that 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: Provided that without prejudice to the generality of this Article the special rights attaching to the 'A' and 'B' Preference Shares and Preferred Ordinary Shares shall be deemed to be varied:-

- (a) by any alteration or increase or reduction of the authorised or issued Share capital of the Company or of any of its subsidiaries or by any variation of the rights attached to any of the Shares for the time being in the capital of the Company or of any of its subsidiaries;
- (b) by the disposal of the undertaking of the Company or of any of its subsidiaries or any substantial part thereof or by the disposal of any Shares in any of the Company's subsidiaries;

- (c) by the disposal or issue other than to the Company and its subsidiaries of any Share capital of any subsidiary of the Company;
- (d) by the passing of any special or extraordinary resolution;
- (e) by the passing of a resolution for the removal of a 'B' Director;
- (f) by the approval of a contract by the Company to purchase any of its own Shares;
- (g) by the creation or issue of any Debenture or Debenture Stock (whether secured or unsecured) credited as fully paid up by way of capitalisation of reserves.

(6) Voting

- (a) Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with these Articles, on a show of hands every Member who (being an individual) is present in person or (being a corporation) is present by a representative or proxy not being himself a member shall have one vote and on a Poll every Member who is present in person or by proxy or (being a corporation) is present by a representative shall have one vote for every One Pound in nominal amount of Shares in the capital of the Company of which he is the holder.

The holders of the 'A' and 'B' Preference Shares shall be entitled to receive notice of all General Meetings of the Company but shall not be entitled to attend or vote at any such meeting unless at the date of the notice or requisition to convene the meeting any Fixed Cumulative

Net Preferential Dividend on the 'A' or 'B' Preference Shares is more than one month in arrear.

- (b) In the event that any of the 'B' Preference Shares shall not have been redeemed by the 2nd July 1995, those Shares not so redeemed shall each carry one vote and as regards voting shall rank *pari passu* in all respect with Ordinary Shares.

#### TRANSFER OF SHARES

- (7) Any 'A' or 'B' Preference Shares or Preferred Ordinary Share may at any time be transferred to a Company which is for the time being a subsidiary of the Transferor (as defined by Section 736 of the Act) or the holding company of the Transferor (as defined by the said Section) or another subsidiary (as so defined) of the Transferor's holding company and the Directors shall register any such duly stamped Transfer; save as aforesaid no Transfer of any Preferred Ordinary Share shall be registered without the consent in writing of the holders in nominal value of at least seventy five per cent of the Preferred Ordinary Shares.
- (8) (a) Subject as in these Articles Provided, any Share may be transferred by a member to another member or to the Transferor's wife, husband, parent, child or remoter issue, or to the trustees of a settlement created *inter vivos* by such member whereunder no person is or may be a beneficiary who is not such a member or his or her wife, husband, parent, child or remoter issue and any Share of a deceased member may be transferred to his or her widow or widower, parent, child or

remoter issue or transferred to or placed in the names of his or her personal representatives or trustees if (but only if) it will be held by them upon trusts created by such member's Will or arising on his or her intestacy whereunder no person is or may be a beneficiary who is not his or her widow or widower, parent, child or remoter issue and where any Share is held upon such trusts as aforesaid it may, upon the appointment of a new trustee or new trustees thereof be transferred to him or them or to the continuing and new trustees thereof.

- (b) (i) A Share shall not be transferred otherwise than as provided in Article 7 or in paragraph (a) of this Article unless it first be offered to the members of the Company at fair market value to be agreed and in default of agreement to be fixed by the Company's Auditors. Any member desiring to sell a Share (hereinafter referred to as a 'retiring member') shall give notice thereof in writing to the Company (hereinafter referred to as a 'sale notice') constituting the Company his agent for the purpose of such sale. No sale notice shall be withdrawn without the Directors' sanction. The Directors shall offer any Share comprised in a sale notice to the members of the Company in the manner set out in sub-clause (b) hereof and if within ninety days after the sale notice has been given a purchasing member is found, such purchasing member shall be bound to complete the purchase within seven days. Notice of the finding of the purchasing member shall be given to the

retiring member, who shall be bound on payment of the fair value to transfer the Share to the purchasing member. If the retiring member fails to complete the transfer, the Directors may authorise some person to transfer the Share to the purchasing member and may receive the purchase money and register the purchasing member as holder of the Share, issuing him a certificate therefore. The retiring member shall deliver up his certificate and shall thereupon be paid the purchase money. If within ninety days after the sale notice has been given the Directors shall not find a purchasing member for the Share and give notice accordingly, or if through no default of the retiring member the purchase is not duly completed, the retiring member may at any time within nine months after the sale notice was given, sell such Share to any person and at any price. Provided always that, notwithstanding anything hereinbefore contained, where more than one Share is comprised in the sale notice then unless a purchasing member is found for each of the Shares so comprised no obligation to transfer or to purchase any of such Shares shall arise and the Directors shall be deemed not to have found a purchasing member of any such Shares and provided further that, notwithstanding anything hereinbefore contained, no transfer of any Ordinary Share shall be executed which would give any one person a majority vote at a General Meeting of the

Company without the prior written consent of the holders of a majority of the Preferred Ordinary Shares.

(b) Shares comprised in any sale notice as aforesaid shall be dealt with as follows:-

- (i) where the sale notice is given in respect of Ordinary Shares the Shares comprised therein shall in the first place be offered to the existing Ordinary Shareholders of the Company and in the second place to the Preferred Ordinary Shareholders of the Company;
- (ii) where the sale notice is given in respect of Preferred Ordinary Shares the Shares comprised therein shall in the first place be offered to the existing Preferred Ordinary Shareholders of the Company and in the second place to the Ordinary Shareholders of the Company;
- (iii) Shares offered to the Ordinary Shareholders and Preferred Ordinary Shareholders as aforesaid shall be offered to them collectively and individually, but so that in case of competition they shall rank equally for acceptance and the Shares shall, so far as possible, be distributed among them equally;
- (iv) every such offer shall be personal to the individual entitled thereto and shall not be transferable or transmissible and shall be open for acceptance for ninety days only and if not accepted within that time shall be deemed to be declined.



- (3) In any other case of in the case of a Share which is not fully paid the Directors may in their absolute discretion and without assigning any reason therefore refuse to register any transfer.
- (4) Save for transactions provided for in paragraph (1) above or transfers to another existing shareholder pursuant to paragraph (2) above no transfer of a Share shall in any case be registered without the written consent of a 'B' Director or of the holders of seventy-five per cent of the issued Preferred Ordinary Shares.

#### GENERAL MEETINGS

9. No business shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. A quorum shall consist of two Members in each case present in person or by proxy or (in the case of a corporation) by a representative of which members one shall be a holder of Ordinary Shares and one shall be a holder of Preferred Ordinary Shares.
10. Voting at a General Meeting shall be in accordance with Article 6(4) hereof. In the case of an equality of votes the Chairman of the meeting shall have a second or casting vote.
11. A resolution in writing signed by all the members for the time being entitled to vote at a General Meeting shall be as effective for all purposes as an ordinary resolution duly passed at a General Meeting of the Company duly convened and held and a resolution in writing specified to be passed as a special resolution or an extraordinary resolution and signed by all members for the time being entitled to vote at a General Meeting and by all

holders for the time being of Shares of any class other than Ordinary Shares shall be as effective for all purposes as a special or extraordinary resolution (as the case may be) duly passed at a General Meeting of the Company duly convened and held and duly sanctioned by the holders of the Shares in each such class in accordance with the provisions of Article 5(4), and in either case such resolution may consist of several documents in the like form each signed by one or more members.

### DIRECTORS

12. Unless and until otherwise determined by the Company in General Meeting the number of Directors shall not be less than two nor more than eight.

13. The holders of a majority of the Preferred Ordinary Shares as a class shall have the right at all times and from time to time to appoint one Director ('the 'B' Director') and may remove from office any Director appointed by them and may appoint another Director in the place of any Director appointed by them who for any reason ceases to be a Director. Every such appointment or removal shall be in writing signed by or for and on behalf of the holders of a majority of the issued Preferred Ordinary Shares and shall take effect on delivery to the Registered Office of the Company.

14. No payments whatsoever shall be made to any Director for the time being a Member of Lancashire County Council but allowances may be made to other 'B' Directors for duties carried out in connection with the business of the Company and approved for those purposes by the Company in General Meeting which allowances shall be paid by the Company.

15. A 'B' Director may from time to time appoint any person to act as an alternate director in his place in all proceedings and on such appointment being made the alternate shall be subject in all respects to the terms and conditions existing with reference to the other Directors of the Company. An alternate Director shall be an officer of the Company and shall alone be responsible for his own acts and defaults and he shall not be deemed to be an agent of the Director appointing him and the Director so appointing shall not be responsible for the acts and defaults of an alternate Director so appointed. An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director. All appointments and removals of alternate Directors shall be effected by notice in writing under the hand of the Director making or revoking such appointment and shall take effect on delivery to the registered office of the Company.

16. A Director or alternate Director shall not require a Share qualification but nevertheless each Director or in his absence his alternate (if any) shall be entitled to attend and speak at any General Meeting of the Company and at any separate meetings of the holders of the class of Shares in the Company which has appointed him.

17. A Director (including an alternate Director) who has duly declared his interest therein in manner provided by the Act may vote as a Director in regard to any contract or arrangement in which is interested or upon any matter arising thereout and if he shall so vote his vote shall be counted and he shall be counted in the quorum when any such contract or arrangement is under consideration and Regulation 94 and 95 of Table A shall not apply in such cases.

## DISQUALIFICATION OF DIRECTORS

18. The office of a Director shall ipso facto be vacated:-

- (a) if a Receiving Order is made against him or he makes any arrangement or compromise with his creditors generally;
- (b) if he becomes of unsound mind;
- (c) if by notice in writing to the Company he resigns his office;
- (d) if he becomes prohibited by law from being a Director;
- (e) in the case of a Director appointed pursuant to Article 13 upon receipt of notice that he has been removed pursuant to the Article in question;
- (f) if he is directly or indirectly interested in any contract with the Company and fails to declare his interest in manner required by law;
- (g) if having at the time of his appointment been a Director of Lancashire County Enterprises (Investments) Limited he ceases to be a Director of Lancashire County Enterprises (Investments) Limited;
- (h) if having been at the time of his appointment an employee of Lancashire County Enterprises Limited or of a subsidiary thereof he ceases to be an employee of Lancashire County Enterprises Limited or any subsidiary thereof.

## PROCEEDINGS OF DIRECTORS

19. The quorum for a meeting of Directors shall be two of whom at least one shall be a 'B' Director or his alternate but if at any time there shall be no 'B' Director or alternate for the 'B' Director validly appointed or if after seven days notice in writing has been given to the 'B' Director or of his alternate of the meeting specifying all the matters for consideration thereat and accompanied by all relevant documents and information he has given to the

Secretary of the company written notice that he does not require to attend such meeting the quorum shall be any two Directors. If within half an hour from the time appointed for a meeting of the Directors a quorum is not present the meeting shall stand adjourned to the same day in the next week at the same time and place and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting any two Directors present shall be a quorum. Subject as in this Article provided the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the Chairman shall have a second vote or casting vote. A Director may and the Secretary on the requisition of a Director shall at any time summon a meeting of the Directors, provided that unless all the Directors otherwise agree not less than seven days' notice in writing shall be given of any such meeting to each Director or (if he shall have an alternate Director duly appointed at that time) his alternate director. It shall not be necessary to give notice of a meeting of Directors to any Directors for the time being absent from the United Kingdom.

20. In regulation 90 of Table A the words "of filling vacancies or" shall be deleted.

21. A resolution in writing signed by all the Directors shall be as effective for all purposes as a resolution passed at a meeting of the directors duly convened and held and may consist of several documents in the like form each signed by one or more of the Directors.

22. By unanimous resolution of the Directors (not being only those present) the Directors may delegate any of their powers to any committee consisting of one or more Directors, and

may also delegate to any managing Director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the said resolution may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the Articles regulating the proceedings of Directors so far as they are capable of applying.

### BORROWING POWERS

23. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital or any part thereof and to issue debentures debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party but such powers shall not without the consent in writing of the holders of at least seventy-five per cent of the Preferred Ordinary Shares be exercised other than to charge the assets of the Company and/or its subsidiaries in favour of bankers to secure borrowing facilities obtained in the ordinary course of business.

Provided that in any event the aggregate amount for the time being remaining undischarged of monies borrowed or secured or guaranteed by the Company and its subsidiary companies shall not at any time exceed two and one half times the aggregate of the nominal amount of the issued share capital of the Company and consolidated reserves of the Company and its subsidiary companies but nevertheless no lender or other person dealing with the Company shall be concerned to see or enquire whether this limit is observed. No debt incurred or

security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed had been or was thereby exceeded.

SCHEDULE TWO  
(Articles of Association of Cable Compounds Limited)



Company Number: 2795081

THE COMPANIES ACTS 1985 to 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION OF CABLE COMPOUNDS LIMITED

(adopted by special resolution passed on )

PRELIMINARY

1. (a) The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (such Table being hereinafter called "Table A") shall apply to the Company save in so far as they are excluded or varied hereby and such Regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company;

(b) In these Articles the expression "the Act" means the Companies Act 1985, but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

ALLOTMENT OF SHARES

2. (a) Shares which are comprised in the authorised share capital with which the Company is incorporated shall be under the control of the Directors who may (subject to Section 80 of the Act and to paragraph (d) below) allot, grant options over or otherwise dispose of the same, to such persons, on such terms and in such manner as they think fit;

(b) All shares which are not comprised in the authorised share capital with which the Company is incorporated and which the Directors propose to issue shall first be offered to the Members in proportion as nearly as may be to the number of the existing shares held by them respectively unless the Company in General Meeting shall by Special Resolution otherwise direct. The offer shall be made by notice specifying the number of shares offered, and limiting a period (not being less than fourteen days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of that period, those shares so deemed to be declined shall be offered in the proportion aforesaid to the persons who have, within the said period, accepted all the shares offered to them. Such further offer shall be made in like terms in the same manner and limited by a like period as the original offer. Any shares not accepted pursuant to such offer or further offer as aforesaid or not capable of being offered as aforesaid except by way of fractions and any shares released from the provisions of this Article by any such Special Resolution as aforesaid shall be under the control of the Directors, who may allot, grant options over or

otherwise dispose of the same to such persons, on such terms, and in such manner as they think fit, provided that, in the case of shares not accepted as aforesaid, such shares shall not be disposed of on terms which are more favourable to the subscribers therefor than the terms on which they were offered to the Members. The foregoing provisions of this paragraph (b) shall have effect subject to Section 80 of the Act;

(c) In accordance with Section 91 (1) of the Act Sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the Company;

(d) The Directors are generally and unconditionally authorised for the purposes of Section 80 of the Act, to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the authorised share capital with which the Company is incorporated at any time or times during the period of five years from the date of incorporation and the Directors may, after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time (subject to the said Section 80) be renewed, revoked or varied by Ordinary Resolution of the Company in General Meeting.

### SHARES

3. The lien conferred by Clause 8 in Table A shall attach also to fully paid-up shares, and the Company shall also have a first and paramount lien on all shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all moneys presently payable by him or his estate to the Company. Clause 8 in Table A shall be modified accordingly.

4. The liability of any Member in default in respect of a call shall be increased by the addition at the end of the first sentence of Clause 18 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such non- payment".

### GENERAL MEETINGS AND RESOLUTIONS

5. Every notice convening a General Meeting shall comply with the provisions of Section 372(3) of the Act as to giving information to Members in regard to their right to appoint proxies; and notices of and other communications relating to any General Meeting which any Member is entitled to receive shall be sent to the Directors and to the Auditors for the time being of the Company.

6. (a) If a quorum is not present within half an hour from the time appointed for a General Meeting the General Meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine; and if at the adjourned General Meeting a quorum is not present within half an hour from the time appointed therefor such adjourned General Meeting shall be dissolved;

(b) Clause 41 in Table A shall not apply to the Company.

7. Wherever Table A or in these Articles any Notice, Resolution or other document is required to be signed by any person, the reproduction of the signature of such person by means of telex, printout, or facsimile copy shall be fully sufficient, provided that such Notice, Resolution or document shall within 14 days be confirmed to the recipient by writing signed in manuscript by such person.

#### APPOINTMENT OF DIRECTORS

8. (a) Clause 64 in Table A shall not apply to the Company;

(b) The maximum number and minimum number respectively of the Directors may be determined from time to time by Ordinary Resolution in General Meeting of the Company. Subject to and in default of any such determination there shall be no maximum number of Directors and the minimum number of Directors shall be one. Whensoever the minimum number of the Directors shall be one, a sole Director shall have authority to exercise all the Powers and discretions by Table A and by these Articles expressed to be vested in the Directors generally, and Clause 89 in Table A shall be modified accordingly;

(c) The Directors shall not be required to retire by rotation and Clauses 73 to 80 (inclusive) in Table A shall not apply to the Company;

(d) No person shall be appointed a Director at any General Meeting unless either:-

(i) he is recommended by the Directors; or

(ii) not less than fourteen nor more than thirty-five clear days before the date appointed for the General Meeting, notice executed by a Member qualified to vote at the General Meeting has been given to the Company of the intention to propose that person for appointment, together with notice executed by that person of his willingness to be appointed;

(e) Subject to paragraph (d) above, the Company may by Ordinary Resolution in General Meeting appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director;

(f) 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 determined in accordance with paragraph (b) above as the maximum number of Directors and for the time being in force.

#### BORROWING POWERS

9. The Directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into shares) to Section 80 of the Act to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities

whether outright or as security for any debt, liability or obligation of the Company or of any third party.

#### ALTERNATE DIRECTORS

10. (a) An alternate Director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, and the first sentence of Clause 66 in Table A shall be modified accordingly;

(b) A Director, or any such other person as is mentioned in Clause 65 in Table A, may act as an alternate Director to represent more than one Director, and an alternate Director shall be entitled at any meeting of the Directors or of any committee of the Directors to one vote for every Director whom he represents in addition to his own vote (if any) as a Director, but he shall count as only one for the purpose of determining whether a quorum is present.

#### GRATUITIES AND PENSIONS

11. (a) The Directors may exercise the powers of the Company conferred by Clause 3(t) of the Memorandum of Association of the Company and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers;

(b) Clause 87 in Table A shall not apply to the Company.

#### PROCEEDINGS OF DIRECTORS

12. (a) A Director may vote, at any meeting of the Directors or of any committee of the Directors, on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever, and if he shall vote on any such resolution as aforesaid his vote shall be counted; and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting;

(b) Clauses 94 to 97 (inclusive) in Table A shall not apply to the Company;

(c) Any one or more Directors may participate in a meeting of the Directors or any Committee appointed under Regulation 72 of Table A by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall for all purposes be deemed to constitute presence in person at such meeting.

#### SEAL

13. (a) If the Company has a seal it shall only be used with the authority of the Directors or of a committee of Directors. The Directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a Director and by the Secretary or second Director. The obligation under Clause 6 of

Table A relating to the sealing of share certificates shall apply only if the Company has a seal. Clause 101 of Table A shall not apply to the Company;

(b) The Company may exercise the powers conferred by Section 39 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Directors.

#### INDEMNITY

14. (a) Every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 144 or Section 727 of the Act in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act;

(b) The Directors shall have power to purchase and maintain for any Director, Officer or Auditor of the Company insurance against any such liability as is referred to in section 310(1) of the Act;

(c) Clause 118 in Table A shall not apply to the Company.

#### TRANSFER OF SHARES

15. (a) The Directors may, in their absolute discretion and without assigning any reason therefor, decline to register the transfer of a share, whether or not it is a fully paid share, and the first sentence of Clause 24 in Table A shall not apply to the Company;

(b) The Directors may decline to register any transfer or transmission of shares without assigning any reason therefor, if it is a transfer to a minor.

EXECUTED as a DEED by )  
LANCASHIRE COUNTY )  
ENTERPRISES )  
(INVESTMENTS) LIMITED )  
acting by two directors or a )  
director and secretary )

Director

Director/Secretary

EXECUTED as a DEED by )  
CABLE COMPOUNDS )  
LIMITED acting by two directors )  
or a director and secretary:- )

Director

Director/Secretary

EXECUTED as a DEED by )  
CABLE COMPONENTS )  
LIMITED acting by two directors )  
or a director and secretary:- )

Director

Director/Secretary

EXECUTED as a DEED by )  
PETER HARDWICK GILES )  
in the presence of:- )

EXECUTED as a DEED by )  
PETER ARTHUR ROBINSON )  
in the presence of:- )

EXECUTED as a DEED by )  
ANTHONY JOHN PYLE )  
in the presence of:- )

EXECUTED as a DEED by )  
PHILLIP CHARLES WEBBER )  
in the presence of:- )

EXECUTED as a DEED by )  
CHRISTOPHER WILLIAM )  
GADMAN in the presence of:- )