

Company Number: 3116518

THE COMPANIES ACT 1985
and
THE COMPANIES ACT 1989
COMPANY LIMITED BY SHARES
SPECIAL RESOLUTION
- of -
PRECIS (1405) LIMITED
(passed on 11th March 1996)

At an Extraordinary General Meeting of the Company held at Exchange House, Primrose Street, London EC2A 2HS on 11th March 1996 the following resolution was duly passed as a Special Resolution of the Company:-

SPECIAL RESOLUTION

THAT the Articles of Association in the form produced to the meeting and initialled by the Chairman for the purposes of identification be and are hereby adopted as the Company's Articles of Association in substitution for and to the entire exclusion of the Company's existing Articles of Association.



CHAIRMAN



No. 3116518

THE COMPANIES ACT 1985

WE HEREBY CERTIFY
THIS TO BE A TRUE AND
ACCURATE COPY OF
THE ORIGINAL

Herbert Smith
HERBERT SMITH
Exchange House
Primrose Street
London EC2A 2HS

Date *11 March 1996*

COMPANY LIMITED BY SHARES

NEW
ARTICLES OF ASSOCIATION
of
PRECIS (1405) LIMITED
(In the process of changing its name to
HASTINGS INSURANCE SERVICES LIMITED)

(Adopted by Special Resolution passed on 11th March 1996)

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NJF-MEMAA-30568530-DOCC-
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THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

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1. PRELIMINARY

1.1 Definitions

In these Articles:

"**Act**" means, subject to paragraph 1.3 of this Article, the Companies Act 1985;

"**A Director**" means a director appointed by the A Ordinary Shareholder(s) and holding office pursuant to Article 19;

"**A Ordinary Share**" means an A Ordinary Share of £1 in the capital of the Company;

"**A Ordinary Shareholder**" means a holder of an A Ordinary Share;

"**Articles**" means these articles of association, as from time to time altered;

"**associate**" means any company 20 per cent. or more of the equity share capital of which is beneficially owned from time to time by the Company and/or its subsidiaries (whether individually or in aggregate);

"**Auditors**" means the auditors of the Company from time to time;

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"Authorised Business" means the insurance business of the company underwritten by The Chiyoda Fire and Marine Insurance Company (Europe) Limited;

"Banking Day" means a day (excluding Saturdays) on which banks are open for business in the City of London;

"Board" the board of directors of the Company as from time to time constituted;

"B Director" means a director appointed by the B Ordinary Shareholders and holding office pursuant to Article 19;

"B Ordinary Share" means a B Ordinary Share of £1 in the capital of the Company;

"B Ordinary Shareholder" means a holder of a B Ordinary Share;

"the Business" means the accepting of risks, effecting of reinsurance and handling of claims with regard to direct dealing in insurance and other ancillary business;

"C Director" means a director appointed by the C Ordinary Shareholders and holding office pursuant to Article 19;

"C Ordinary Share" means a C Ordinary Share of £1 in the capital of the Company;

"C Ordinary Shareholder" means a holder of a C Ordinary Share;

"Company" includes any body corporate;

"Default Transfer Notice" has the meaning given in Article 13;

"Event of Default" means, in respect of any Ordinary Shareholder, an Event of Default or a deemed Event of Default on the part of that Ordinary Shareholder under any Relevant Agreement which entitles the other part(ies) thereto to require the giving of a Default Transfer Notice by such Ordinary Shareholder ("**enforcement action**") and in respect of which enforcement action has been taken;

"Group" means, except in Article 11, the Company and its subsidiaries from time to time;


"holding company" means a holding company as defined in section 736 and section 736A of the Act;

"Member of the Same Group" means, in relation to any company, a company which is for the time being the ultimate holding company of such company or a subsidiary of any such holding company;

"Ordinary Shares" means A Ordinary Shares, B Ordinary Shares and/or C Ordinary Shares as the case may be;

"Ordinary Shareholder" means a holder of Ordinary Shares;

"Relevant Agreement" means any agreement to which the Ordinary Shareholders (in their capacity as shareholders in the Company) are party relating to the business and affairs of the Company;



"Prescribed Price" has the meaning given in Article 12.6;

"subsidiary" means a subsidiary as defined in section 736 and section 736A of the Act;

"Table A" means Table A in the Companies (Tables A to F) Regulations 1985; and

"Transfer Notice" has the meaning given in Article 12.1

1.2 Same meanings as in the Act

Save as provided in Article 1.1 and unless the context otherwise requires, words or expressions contained in these Articles bear the same meaning as in the Act.

1.3 Statutory modification

In these Articles, unless expressly provided to the contrary, a reference to any statute or provision of a statute includes a reference to any statutory modification or re-enactment of it and to any subordinate legislation made under it in each case for the time being in force.

1.4 Number, gender and person

In these Articles, unless the context otherwise requires:

- (A) words in the singular include the plural, and vice versa;
- (B) words importing any gender include all genders; and
- (C) a reference to a person includes a reference to a company and to an unincorporated body of persons.

1.5 Miscellaneous interpretation

In these Articles:

- (A) references to writing include references to typewriting, printing, lithography, photography and any other modes of representing or reproducing words in a legible and non-transitory form;
- (B) references to "executed" includes any mode of execution;
- (C) references to "other" and "otherwise" shall not be construed *eiusdem generis* where a wider construction is possible;
- (D) references to a power are to a power of any kind, whether administrative, discretionary or otherwise;
- (E) references to a committee of the directors are to a committee established in accordance with these Articles, whether or not comprised wholly of directors; and
- (F) references to "designation" in the context of Ordinary Shareholders or directors are to A, B or C Ordinary Shareholders or directors, as appropriate.

1.6 Headings

Headings are inserted for convenience only and do not affect the construction of these Articles.

1.7 Articles and Regulations

In these Articles a reference to an Article is to a clause of these Articles and a reference to a Regulation is to a regulation in Table A.

2. TABLE A

The Regulations contained in Table A shall apply to the Company save insofar as they are varied or excluded by or are inconsistent with these Articles. Regulations 40, 50, 54, 64 to 69 (inclusive), 72, 73 to 81 (inclusive), 84, 88, 89, 93, 94, 95 and 118 in Table A shall not apply to the Company.

3. SHARE CAPITAL

The share capital of the Company on the date of adoption of these Articles is £5,000 divided into 3,750 A Ordinary Shares 625 B Ordinary Shares and 625 C Ordinary Shares.

4. CLASSES OF SHARES

The shares of each class of shares shall entitle the holders thereof to the respective rights and privileges and subject them to the respective restrictions and provisions hereinafter appearing. The A Ordinary Shares, the B Ordinary Shares and the C Ordinary Shares shall, except where otherwise expressly provided herein, confer upon the holders thereof the same rights.

5. RIGHTS ATTACHING TO ORDINARY SHARES


The rights attaching to the Ordinary Shares are as follows:

(A) Capital

On a return of assets on liquidation or otherwise, the assets of the Company available for distribution among the members shall be applied first in paying to the holders of the Ordinary Shares a sum equal to the nominal amount of each Ordinary Share held by them and secondly the balance of such assets (if any) shall be distributed amongst the holders of the Ordinary Shares pro rata (as nearly as may be) according to the nominal amounts paid up or credited as paid up on the Ordinary Shares held by them respectively.

(B) Income

Subject to the provisions of these Articles, any profits of the Company available for distribution and resolved to be distributed shall be distributed among the holders of the A Ordinary Shares, with the holders of the B Ordinary Shares and the C Ordinary Shares having no entitlement to participate therein. Every dividend shall be distributed to the A Ordinary



Shareholders pro rata (as nearly as may be) according to the number of A Ordinary Shares held by them respectively

(C) **Voting**

Subject to any special rights, privileges or restrictions attached to any Ordinary Shares, at a general meeting of the Company on a show of hands every holder of Ordinary Shares who (being an individual) is present in person or by proxy (not being himself a member) or (being a corporation) is present by a representative duly authorised under section 375 of the Act (not being himself a member) shall have one vote, and on a poll every holder of Ordinary Shares present in person, by representative or by proxy shall have one vote for every Ordinary Share of which he is the holder.

6. CLASS RIGHTS

6.1 Subject to Article 6.2 and without prejudice to any other provision of these Articles the Company shall not effect any of the following actions unless the holders of not less than nine-tenths in nominal amount of the Ordinary Shares in issue shall have given their prior consent in writing and such right shall attach to each of the A Ordinary Shares B Ordinary Shares and C Ordinary Shares as separate classes and shall only be varied in accordance with the provisions of Article 14:

- (A) any alteration to the Memorandum or Articles of Association of the Company or any act, matter or omission in breach of, or contrary to or inconsistent with the provisions of the Memorandum or Articles of Association of the Company;
- (B) any consolidation or re-denomination of any shares of the Company into larger nominal amounts or any sub-division of the share capital of the Company into smaller nominal amounts;
- (C) any alteration to any rights attaching to any class of shares of the Company;
- (D) the issue of any shares or debentures in the Company or other securities convertible into shares or debentures of the Company (including by way of bonus, rights or otherwise) and/or the grant of any option or right to acquire or call for the issue of the same whether by conversion, subscription or otherwise;
- (E) the redemption or purchase by the Company of any share or the reduction of the share capital, or any uncalled or unpaid liability in respect thereof, capital redemption reserve or share premium account of the Company or the passing of any resolution authorising any of the foregoing;
- (F) the implementation of any compromise or arrangement within the meaning of section 425 of the Act or any scheme of composition with the Company's creditors;
- (G) the passing of any resolution to wind up the Company save to the extent that the same is effected on the advice of the Company's auditors or solicitors that the Company would otherwise be trading wrongfully or fraudulently;

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- (H) the disposal of the whole or any substantial part of the Business to the extent that the same is effected on the advice of the Company's auditors or solicitors that the Company would otherwise be trading wrongfully or fraudulently;
 - (I) any significant change in the nature of the Business or the cessation of the Business;
 - (J) the paying up of any share capital or debenture or debenture stock of the Company by way of capitalisation or application of any profits or reserves (including share premium account and capital redemption reserve);
 - (K) the giving of any guarantee or indemnity to secure the liabilities or obligations of any person;
 - (L) the acquisition by the Company or any subsidiary of any real property;
 - (M) the acquisition by the Company of any share capital or other securities of any body corporate (other than in or of any company which is already a wholly owned subsidiary) or the disposal by the Company of any share capital or security of any body corporate held by it or the creation of any subsidiary of the Company;
 - (N) the change in the terms and conditions of the remuneration or other benefits of any kind of any Director;
 - (O) the borrowing by the Company (including amounts outstanding or borrowed under finance, hire purchase, operating, leasing, condition sale and other similar agreements) of amounts which when aggregated with all other borrowings (or indebtedness in the nature of borrowings) of the Company and all subsidiaries would exceed £1,000,000 except where any borrowing is from an A Ordinary Shareholder in which case such borrowing shall be excluded from the calculation made under this clause;
 - (P) the creation of any fixed or floating charge lien (other than a lien arising by operation of law) or other security or encumbrance over the whole or any part of the assets or property of the Company or any subsidiary except for the purpose of securing borrowings from bankers in the ordinary and proper course of business or for securing borrowings otherwise permitted by Article 6.1(O);
 - (Q) the entering into of any transaction other than at arm's length and in the ordinary course of business or any contract for a fixed term of more than one year or of an unusual or potentially onerous nature; and
 - (R) the adoption of any bonus or profit sharing scheme or any share option or incentive scheme or employee share trust or share ownership plan other than any shadow share scheme which the Company may from time to time adopt.

6.2 If the aggregate pre-tax loss of the Company for the period ending 31st December 1996 and the year ending 31st December 1997 as shown in the respective profit and loss accounts of the Company as at those dates is in excess of £6 million, ~~and~~ subject to Article 6.3, Article 6.1 shall not apply to the extent that it would otherwise prevent

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the Board from resolving upon or implementing any particular course of action and a meeting of the Board shall be convened as soon as practicable after the same has been ascertained to consider the course of action to be taken by the Company in view thereof.

- 6.3 In the event that the Board resolves pursuant to Article 6.2 that a purchaser should be sought for the assets, the undertaking or the issued share capital of the Company, no such sale shall take place until after the expiry of a period of 90 days after such resolution and during such 90 day period the restrictions contained in Article 6.1 shall apply.
- 6.4 If the course of action resolved upon by the Board pursuant to Article 6.2 is that the assets, undertaking or issued share capital of the Company should be sold and the Ordinary Shareholders have not within the 90 day period referred to in Article 6.3 agreed the terms of such sale to another Ordinary Shareholder then, in the event that a sale of the entire issued share capital is proposed by the Board, the Ordinary Shareholders shall co-operate fully in order to effect such sale to a third party and shall transfer their own Ordinary Shares and waive the pre-emption rights under these Articles to enable such sale to be effected.

7. ISSUE OF SHARES

7.1 Pre-emption on issue

Subject to the provisions of Articles 6 and 7.8, any shares in the capital of the Company which are unissued from time to time shall be available for issue only as Ordinary Shares and shall before they are issued whether for cash or otherwise be offered to the holders for the time being of the issued Ordinary Shares in proportion, as nearly as may be, to their holdings.

7.2 Procedure for offering

The offer referred to in Article 7.1 shall be made by notice specifying the number of Ordinary Shares offered, the proportionate entitlement of the relevant member, the price per share and limiting a period (being not less than 21 days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of such time the directors shall offer the Ordinary Shares which have been declined or are deemed to have been declined to the members who have within the said period accepted all the Ordinary Shares offered to them. Such further offer shall be on the same terms as the first offer and shall invite each of such members to state in writing within a period of not less than 14 days whether he is willing to take any, and if so what maximum number, of the Ordinary Shares so offered.

7.3 Allotment of shares after offers

At the expiration of the time limited by the notice or notices given pursuant to Article 7.2 the directors shall allot the Ordinary Shares so offered to or amongst the members who have notified their willingness to take all or any of such Ordinary Shares in accordance with the terms of the relevant offer. No member shall be obliged to take more than the maximum number of Ordinary Shares he has indicated his willingness to take. The directors shall make such arrangements as they shall think fit concerning

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entitlements to fractions, overseas shareholders and shareholders unable by law or regulation to receive or accept any offer pursuant to this Article.

7.4 Issue other than to members

No Ordinary Shares may be allotted or issued to any person who is not immediately prior to such allotment or issue an Ordinary Shareholder.

7.5 Disapplication of statutory pre-emption provisions

Sections 89 and 90 of the Act shall not apply to the Company.

7.6 No renunciation of allotment

No Ordinary Shares shall be allotted on terms that the right to take up the Ordinary Shares allotted may be renounced in favour of, or assigned to, another person and no person entitled to allotment of an Ordinary Share may direct that such share may be allotted or issued to any other person.

7.7 Designation of shares

Ordinary Shares issued pursuant to Article 7.3 to a member by reference to his holding of A Ordinary Shares, B Ordinary Shares or C Ordinary Shares shall on issue be designated an Ordinary Share of such class.

7.8 Waiver or variation

With the prior written approval of all the Ordinary Shareholders, any of the restrictions or other provisions of this Article may be waived or varied by the directors in relation to any proposed issue of shares.

8. LIEN AND FORFEITURE

8.1 Lien to attach to all shares

In Regulation 8 of Table A the words "(not being a fully paid share)" shall be omitted. The lien conferred by Regulation 8 of Table A shall attach to all shares registered in the name of any person indebted or under liability to the Company (or in the name of the nominee or bare trustee for any such person) whether he is the sole registered holder thereof or one of two or more joint holders and shall include a lien in respect of any such indebtedness or liability. Regulation 8 shall be modified accordingly.

8.2 Pre-emption on enforcement

All shares to be sold in the enforcement of the Company's lien or rights of forfeiture shall be offered in accordance with Article 7 as if they were unissued shares of the Company. Regulations 9 and 20 of Table A shall be modified accordingly.

9. VALUATION OF THE COMPANY

9.1 Where the Prescribed Price is required to be calculated in accordance with Article 12 a merchant banker shall be appointed to value the Company. The appointment shall be of a person chosen by agreement between the members or failing such agreement

by the Chairman for the time being of the London Investment Banking Association ("the Nominated Merchant Banker")

- 9.2 The Prescribed Price shall be such amount as the Nominated Merchant Banker shall state in writing is in his opinion the fair value as at the date of Transfer Notice of the relevant proportion of the entire issued share capital of the Company represented by the Ordinary Shares which are the subject of the relevant Transfer Notice on the open market as between a willing vendor and a willing purchaser (the "**Prescribed Price**"). The fair value will take account of all aspects of the Business (including business underwritten as an agent) together with any other activities undertaken by the Company. No account shall be taken of any amounts surrendered or capable of surrender by the Company by way of group relief nor of any payments received or receivable in respect thereof. Without prejudice to the generality of the foregoing the Nominated Merchant Banker will treat any contingent amount payable by the Company under any phantom or shadow share scheme as a liability for the Company to the extent that it is not already reflected in the valuation. For the purpose of his valuation the Nominated Merchant Banker shall be given by the directors and shall take account of all information which a prudent prospective purchaser might reasonably require if he were proposing to purchase all the Ordinary Shares from a willing vendor by private treaty and at arms length together with such information as any member of the Company may wish to provide him and such information as he may reasonably require. In addition, the Nominated Merchant Banker shall ignore the fact that the B Ordinary Shares and the C Ordinary Shares have no right to participate in dividends paid by the Company and are subject to the rights of pre-emption contained in these Articles, and shall not take into account that the relevant Ordinary Shares represent a majority or minority of the issued Ordinary Shares of the Company. Further, for the purposes of valuing the Company, the Company shall be deemed to have itself as principal the underwriting capacity furnished to it under any arrangements with any member of the Chiyoda Group of companies then in force.
- 9.3 In stating his opinion as aforesaid the Nominated Merchant Banker shall be deemed to act as an expert and not as an arbitrator and his determination shall in the absence of manifest error be final and binding on all concerned. The cost of such valuation shall be borne by the holder of Ordinary Shares who requests it as pursuant to Article 12.

10. GENERAL PROVISIONS CONCERNING TRANSFERS OF SHARES

10.1 General restriction on transfer

The right to transfer Ordinary Shares shall be subject to the rights and restrictions set out in Articles 10 to 13 inclusive and no Ordinary Share nor any interest therein shall be transferred to or become vested in any person otherwise than in accordance with such provisions. Regulation 24 shall be construed accordingly

10.2 Disposal of whole interest only

Save as permitted pursuant to these Articles no transfer, disposal, charge, mortgage, assignment or other dealing in any Ordinary Shares or any interest or right therein shall occur other than the transfer of the whole legal and equitable title to such Ordinary Shares free from all liens, charges and encumbrances and with all rights, title and interest in existence at the date of transfer together with all rights which may arise

in respect thereof thereafter (and "transfer" , in the context of a transfer of Ordinary Shares, shall be construed accordingly in these Articles).

10.3 Attempted disposal of interest in shares

Except for the purposes of seeking offers of the type contemplated by Article 10.2, if a member at any time disposes of an Ordinary Share or any interest therein or right attaching thereto otherwise than in accordance with the provisions of these Articles he shall be deemed immediately prior to such attempt to have given a Default Transfer Notice in respect of such shares

10.4 No transfers during initial period

Save for Permitted Transfers under Article 11 and for transfers pursuant to Article 13, no Ordinary Share nor any interest therein shall be transferred to or become vested in any person prior to 1st December 1999.

10.5 Reasons for declining to approve a transfer

Subject to Regulation 24 the directors shall not be entitled to decline to register the transfer of any Ordinary Shares made pursuant to and complying with the provisions of Articles 10 to 13 inclusive in circumstances where the transferee has not executed a deed of adherence in respect of any Relevant Agreement as may be required by the Relevant Agreements for the time being in which event(s) they shall decline to register such transfer.

10.6 Member to notify

If a member becomes aware of any event which is deemed to give rise, or may on determination by the other Ordinary Shareholders be deemed to give rise, to an obligation to serve a Default Transfer Notice, or whereupon a Default Transfer Notice shall be deemed to be given, he shall forthwith give notice thereof to the directors and to the other Ordinary Shareholders.

10.7 Re-designation of Ordinary Shares

Whenever an A Ordinary Share, B Ordinary Share or C Ordinary Share is transferred to a member holding shares of another class of Ordinary Shares such first mentioned share shall upon registration of the transfer be converted into and re-designated as a share of such other class and any share certificate issued to the transferee shall take account of such conversion and re-designation.

10.8 Waiver or variation

With the prior approval of the Ordinary Shareholders, such approval to be given in accordance with the provisions of Article 16 or as otherwise provided for or contained in any Relevant Agreement, any of the restrictions or other provisions of Articles 10 to 13 inclusive may be waived or varied by the directors in relation to any proposed transfer of shares or any other matter.

11. PERMITTED TRANSFERS

Any A Ordinary Shares may at any time be transferred without the giving of a Transfer Notice where it is demonstrated to the reasonable satisfaction of the Board that the transfer is by an A Ordinary Shareholder (the "**Transferor**") to a person (the "**Permitted Transferee**"), which is a Member of the Same Group as the Transferor provided that if any Permitted Transferee ceases to be a Member of the Same Group as the Transferor, it shall be the duty of the Permitted Transferee and the Transferor to notify the Board of such event and to procure that the Ordinary Shares concerned are forthwith transferred to the Transferor or to a Member of the Same Group as the Transferor. If such transfer has not been effected within thirty (30) days of the Board being notified or otherwise becoming aware of such event, the Permitted Transferee shall be deemed to have given a Default Transfer Notice in respect of all the Ordinary Shares held by it, and the provisions of Articles 12 and 13 shall have effect, mutatis mutandis, to such Default Transfer Notice with references to the Defaulting Shareholder being construed as references to the Permitted Transferee.

12. PRE-EMPTION ON TRANSFER

12.1 Transfer Notice

Without prejudice to Article 11, before transferring any Ordinary Shares the person proposing to transfer the same (the "**Proposing Transferor**") shall give notice in writing ("**Transfer Notice**" (which expression shall, unless the context otherwise requires, include a Default Transfer Notice)) to the Company that he proposes to transfer such Ordinary Shares (the "**Sale Shares**") and, in the event that the Proposing Transferor shall have reached an agreement or an arrangement with a third party for the sale of the Sale Shares to such third party, the Proposing Transferor shall state in the Transfer Notice the name of such third party, the price per share at which the Sale Shares are proposed to be sold to such third party (the "**Offer Price**") and all other material terms of the proposed transfer. Alternatively, the Transfer Notice shall state whether the Proposing Transferor wishes the sale of the Sale Shares to be at the Prescribed Price and, if so, whether this is to be calculated on the Preceding Accounting Year Basis or the Current Valuation Basis (as those terms are defined in Article 12.6). The Transfer Notice shall constitute the Company (acting by the Board) the Proposing Transferor's agent for the transfer of the Sale Shares at the Offer Price or the Prescribed Price as hereinafter provided and during the period expiring three months after the giving of the Transfer Notice or, where the Prescribed Price is used, three months after the determination of the Prescribed Price by the Nominated Merchant Banker in accordance with Article 9, whichever shall be the later, (the "**Prescribed Period**") in accordance with the following provisions of this Article. Save as hereafter provided, a Transfer Notice once given or required to be given or deemed to have been given shall not be revocable. A Transfer Notice (other than a Default Transfer Notice) may contain a provision that unless all or a specified number of the Sale Shares are sold by the Company pursuant to this Article the Transfer Notice shall be withdrawn and any such provision shall be binding on the Company.



12.2 Offer of Sale Shares

The Sale Shares shall within 7 days of the date when the Transfer Notice is received by the Company or of the date when the Company becomes aware that the Transfer Notice is deemed to have been given ("deemed receipt"), whichever is the later, be offered by the Company in writing for purchase by the other Ordinary Shareholders. If the Prescribed Price shall be elected for by the Proposing Transferor or, within 14 days of the date of such offer, by any other Ordinary Shareholder the directors shall within 21 days of the receipt or deemed receipt of the Transfer Notice as aforesaid instruct the Nominated Merchant Banker to calculate the Prescribed Price of the Sale Shares and unless the Proposing Transferor and the other Ordinary Shareholders agree otherwise the Prescribed Price to be calculated shall be calculated on the Current Valuation Basis. The Ordinary Shareholder who elects for the Prescribed Price shall bear the costs of the valuation. A copy of all such offers shall be sent at the same time to all Ordinary Shareholders on the following basis:

- 12.2.1 Such offer shall first be made to the holders of Ordinary Shares of the same designation as the Sale Shares and thereafter shall be made to the holders of Ordinary Shares of the other designations provided that B Ordinary Shares shall next be offered to the holders of C Ordinary Shares (and vice versa) before being offered to the holders of the A Ordinary Shares.
- 12.2.2 Each offer made under Article 12.2.1 shall specify a time (not being less than 14 days following the date of the offer or, if later, the date on which the Prescribed Price shall be determined within which it must be accepted failing which it will lapse provided that the A Ordinary Shareholder(s) shall be deemed to have accepted such offer and shall be obliged to purchase any Sale Shares being B and/or C Ordinary Shares in accordance with the foregoing provisions pursuant to any Transfer Notice served on or after 1st December 1999.
- 12.2.3 In the case of competition in respect of any such offer the Sale Shares so offered shall be allocated to the acceptors in proportion (as nearly as may be without involving fractions or increasing the number sold to any member beyond that applied for by him) to their existing holding of the relevant class or classes of shares.

12.3 Notification of Purchasers

If the directors shall within the period of 14 days, referred to in Article 12.2.2 find members (each such person called a "**Purchaser**") to purchase the Sale Shares or any of them they shall give notice in writing thereof to the Proposing Transferor who shall be bound, upon payment of the Offer Price or the Prescribed Price (or such proportion thereof as may be specified in the Relevant Agreements) as the case may be, to transfer such of the Sale Shares to the respective Purchasers. If the Transfer Notice stated that the Proposing Transferor is not willing to transfer part only of the Sale Shares or less than a specified number of such Sale Shares, the obligation in this Article to transfer shall not apply unless the directors shall have found Purchasers for the whole of the Sale Shares or not less than such specified number. Every such notice from the directors shall state the name and address of the Purchaser concerned and the number of shares agreed to be purchased by him. The purchase shall be

completed on the first Banking Day which is 30 days after the offer of Sale Shares is accepted or deemed to be accepted at the Offer Price or the Prescribed Price, as the case may be, at a place and time to be appointed by the directors against payment of the Offer Price or the Prescribed Price as the case may be (or such proportion thereof as may be specified in the Relevant Agreements) and any relevant stamp duties, the Proposing Transferor shall deliver transfers in favour of the Purchasers together with the share certificates in respect of the relevant Sale Shares and the Purchasers shall be registered as the holders of the relevant Sale Shares in the register of members of the Company and share certificates in the names of such Purchasers and in respect of the relevant Sale Shares shall be delivered.


12.4 Failure to transfer

If in any case a Proposing Transferor, after having become bound to transfer any Shares to a Purchaser, shall make default in so doing or shall fail to deliver share certificates or a satisfactory indemnity in lieu in respect thereof the directors may authorise some person to execute and deliver on his behalf any necessary transfer in favour of the Purchaser and shall receive the purchase money and shall thereupon (subject to the transfer being duly stamped) cause the name of the Purchaser to be entered into the register of members as the holder of the relevant shares. The Company shall hold the purchase money in trust for the Proposing Transferor but shall not be bound to earn or pay interest thereon. The receipt of the Company for the purchase money shall be a good discharge to the Purchaser who shall not be bound to see to the application thereof and after the name of the Purchaser has been entered in the register of members in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.

12.5 Purchasers not found for Sale Shares

If the directors shall not within the period of 14 days referred to in Article 12.2.2 find Purchasers willing to purchase all the Sale Shares being A Ordinary Shares (or any lesser number specified in the Transfer Notice for the purposes of Article 12.1) at the Offer Price or the Prescribed Price, as the case may be, or if the directors shall give to the Proposing Transferor notice in writing that the directors have no prospect of finding purchasers, the Proposing Transferor being an A Ordinary Shareholder may at any time thereafter up to the expiration of six weeks after the expiry of the 14 day period referred to in Article 12.2.2 (subject only to the provisions of Regulation 24) transfer those Sale Shares for which the Company has not found (or has given notice that it has no prospect of finding) Purchasers to any person by way of a bona fide sale at any price not being less than the Prescribed Price (after deducting, where appropriate, any dividend or other distribution declared or made in respect of the Sale Shares after the giving of the Transfer Notice and to be retained by the Proposing Transferor) and otherwise on the terms set out in the Transfer Notice Provided that:

- (A) if the Transfer Notice shall state that the Proposing Transferor is not willing to transfer part only of the Sale Shares or less than a specified number of the Sale Shares it shall not be entitled to transfer any of such Sale Shares unless in aggregate the whole of such Sale Shares or, as relevant, not less than the specified number of such Sale Shares are so transferred;

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- (B) the directors may require to be satisfied that the Sale Shares are being transferred pursuant to a bona fide sale upon the material terms and for the consideration stated in the transfer without any deduction, rebate or allowance whatsoever to the Purchaser (other than in respect of any dividend or other distribution as referred to above) and if not so satisfied may refuse to register the instrument of transfer; and
 - (C) the provisions of this Article 12.5 shall not apply in the case of a Default Transfer Notice.

12.6 **Prescribed Price for Sale Shares**

Subject to any provisions to the contrary in any Relevant Agreement, the Prescribed Price of the Sale Shares of the Proposing Transferor in respect of a Transfer Notice dated on or after 31st December 1997 may be either:

- (A) the valuation carried out by the Nominated Merchant Banker as at the Company's previous accounting reference date (the "**Preceding Accounting Year Basis**"); or
- (B) a valuation carried out by the Nominated Merchant Banker as at the date of the Transfer Notice ("**Current Valuation Basis**");

in each case calculated on the basis set out in Article 9.

12.6.2 The Prescribed Price of the Sale Shares of the Transferor in respect of a Transfer Notice dated before 31st December 1997 shall be determined on the Current Valuation Basis.

12.6.3 The Prescribed Price determined in accordance with this Article 12 subject as aforesaid shall bind all parties concerned and shall be the price at which the Sale Shares shall be sold as between the Ordinary Shareholders.


12.7 **Failure to complete by Purchaser**

Where the directors shall have found a Purchaser or Purchasers and through no default of the Proposing Transferor any purchase is not duly completed, the directors shall forthwith notify the Purchaser or all of the Purchasers (as the case may be) and if within 7 days of such notice being given the Purchaser or Purchasers between them shall not have duly completed the purchase of the Sale Shares in respect of which there has been default in completion, the Proposing Transferor shall be deemed to have served a Transfer Notice in respect of such shares and the procedure contained in this Article shall be repeated in respect of them.

13. **COMPULSORY TRANSFER ON DEFAULT**

13.1 **Default Transfer Notice**

Without prejudice to its obligations hereunder, if the Company receives notice from any Ordinary Shareholder that an Event of Default has occurred in relation to an Ordinary Shareholder (the "**Defaulting Shareholder**") and any of the other Ordinary Shareholders require that the Defaulting Shareholder or any Permitted Transferee of the Defaulting Shareholder makes an offer to sell its Ordinary Shares, the Defaulting



Shareholder shall be deemed immediately to give a Transfer Notice (a "**Default Transfer Notice**") to sell all its Ordinary Shares at the Prescribed Price calculated on the Current Valuation Basis, such calculation to be prepared at the expense of the Company. The offer of Ordinary Shares pursuant to the Default Transfer Notice shall be available to the other Ordinary Shareholders as provided in Article 12.2 without prejudice to other rights and remedies they may have against the Defaulting Shareholder. The Company shall notify the Ordinary Shareholders that the requirement to give a Default Transfer Notice has arisen as soon as practicable after having become aware of the same.

13.2 Suspension of voting rights

The voting rights and all other rights attached to any Ordinary Share in respect of which a Default Transfer Notice shall be deemed or required to have been given pursuant to these Articles shall forthwith be suspended until such time as the relevant share shall have been transferred in accordance with these Articles or such time as the directors shall have notified the member that they have no prospect of finding purchasers therefor.

14. CLASS MEETINGS AND VARIATION OF RIGHTS

14.1 Class meetings


Except as otherwise provided by these Articles, the provisions of these Articles relating to general meetings shall apply, with necessary modifications, to any meeting of the holders of shares of a class held otherwise than in connection with the variation or abrogation of the rights attached to shares of that class.

14.2 Variation of rights

All or any of the special rights or privileges for the time being attached to any share or class of shares in the capital of the Company (notwithstanding that the Company may be or be about to be in liquidation) may, either with the prior consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of shares of the class duly convened and held as hereinafter provided (but not otherwise), be varied or abrogated. To every such separate meeting the provisions of these Articles with respect to notice of and proceedings at general meetings shall mutatis mutandis apply, but so that the requisite quorum shall be two persons, present in person, by proxy or by corporate representative, holding or representing not less than one-third of the issued shares of the class (and so that if at any meeting of such holders adjourned pursuant to Regulation 41 a quorum as above defined is not present those members who are present shall be a quorum) and that any holder of shares of the appropriate class, present in person, by proxy or by corporate representative and entitled to vote, may demand a poll.

15. BORROWING POWERS

Subject to Article 6.1(O), the Board may exercise all the powers of the Company to borrow money and, subject to the provisions of these Articles, to mortgage or charge



its undertaking, property and uncalled capital or any part thereof and to issue debentures and other securities.

16. PROCEEDINGS AT GENERAL MEETINGS

16.1 Quorum

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business and remains present during the transaction of business. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum provided that at least one such person is an A Ordinary Shareholder and one such person is either a B Ordinary Shareholder or a C Ordinary Shareholder or a proxy or representative of such A, B or C Ordinary Shareholder, as appropriate. If at any adjourned meeting which has been so adjourned pursuant to Regulation 41 a quorum is not present within half an hour of the time appointed for the adjourned meeting the meeting will be dissolved. Regulation 41 will be construed accordingly.

16.2 Poll

A poll may be demanded at any general meeting by the chairman or any member present in person, by proxy or by corporate representative and entitled to vote. Regulation 46 of Table A shall be modified accordingly.

16.3 Signed Resolutions

A resolution executed or approved in writing by or on behalf of the holders of all the issued Ordinary Shares entitled to vote thereon shall be as valid and effective for all purposes as a resolution passed at a general meeting duly convened and held and may consist of several documents in the like form, each executed by or on behalf of one or more persons. In the case of a corporation the resolution may be signed on its behalf by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative.

17. VOTES OF MEMBERS

17.1 Votes of members

Subject to any special rights, privileges or restrictions attached to any shares forming part of the capital of the Company, at any general meeting of the Company on a show of hands every member who (being an individual) is present in person or by proxy (not being himself a member) or (being a corporation) is present by proxy or by a representative duly authorised under section 375 of the Act (not being himself a member) shall have one vote, and on a poll every member present in person, by representative or by proxy shall have one vote for every share of which he is the holder.

17.2 No casting vote of chairman

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is

demande shall not be entitled to a casting vote in addition to any other vote he may have.

18. DIRECTORS

The number of directors shall be not more than eight nor less than two of whom at least one shall be an A Director and at least one shall be a B Director or a C Director.

19. APPOINTMENT OF A B AND C DIRECTORS

19.1 Appointment

The A Ordinary Shareholders the B Ordinary Shareholders and the C Ordinary Shareholders shall be entitled, each as a class, to appoint, in the case of the A Ordinary Shareholders, up to 6 A Directors, in the case of the B Ordinary Shareholders 1 B Director and in the case of C Ordinary Shareholders 1 C Director, as the case may be, in each case in accordance with the procedure set out in Article 19.2, and, in each case, to remove any directors so appointed by them.

19.2 Procedure for appointment

Any appointment or removal pursuant to Article 19.1 shall be decided upon by the A Ordinary Shareholders the B Ordinary Shareholders or the C Ordinary Shareholders by either :

- (A) a written direction signed by the Ordinary Shareholders of the relevant class, in each case holding a majority in nominal value of the issued Ordinary Shares of the class concerned; or
- (B) by an ordinary resolution passed at a separate meeting of the Ordinary Shareholders of the class concerned duly convened and held in accordance with the provisions of Article 14, provided that any such meeting may be convened by any holder of Ordinary Shares of the class concerned.

Any appointment or removal pursuant to Article 19.1 shall take effect upon delivery of the direction pursuant to Article 19.2(A) or a written copy of the resolution passed pursuant to Article 19.2(B) being delivered to the registered office of the Company, to a meeting of the Board or to the secretary.

19.3 Directors holding office

An A Director, a B Director or C Director holding office pursuant to Article 19 shall continue to hold such office until he is either removed pursuant to this Article 19 or vacates office pursuant to Article 24.

20. NO ROTATION

The directors shall not be liable to retire by rotation, and accordingly in Regulation 79 of Table A the second and third sentences thereof shall be deleted and in regulation 78 the words "and may also determine the rotation in which any additional directors are to retire" shall be deleted.

21. ALTERNATE DIRECTORS

21.1 Appointment and removal

Any director (other than an alternate director) may from time to time appoint any other director or any person approved by the Board (such approval not to be unreasonably withheld or delayed) to be an alternate director of the Company, and may at any time remove any alternate director so appointed by him from office, and appoint another person approved as aforesaid in his place. Any appointment of an alternate director may provide for two or more persons in the alternative to act as an alternate director.

21.2 Notice of appointment or removal

Any such appointment or removal shall be by notice to the Company signed by the director making or revoking the appointment and shall take effect upon service on the Company at its registered office or in any other manner approved by the directors.

21.3 Cessation of appointment

An alternate director shall ipso facto cease to be an alternate director if his appointor ceases for any reason to be a director.

21.4 Functions of alternate director

An alternate director shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served on him) be entitled to receive notices of all meetings of directors, to attend, to be counted in the quorum for and to vote as a director (with the same designation as the director appointing him) at any such meeting at which the director appointing him is not personally present and generally to perform all functions of his appointor as a director in the absence of such appointor including, without prejudice to the generality of the foregoing, power to sign any resolution pursuant to Article 26.3.

21.5 Voting rights cumulative

A director acting as alternate shall have an additional vote at meetings of the Board for each director for whom he acts as alternate but he shall only count as one person for the purpose of determining whether a quorum is present.

21.6 Alternate director responsible for own acts

An alternate director shall be deemed to be an officer of the Company and shall alone be responsible for his own acts and defaults and the director so appointing him shall not be responsible for the acts and defaults of an alternate director so appointed.

21.7 Remuneration

The remuneration of any such alternate director shall be payable out of the remuneration payable to the director appointing him and shall consist of such part (if any) of the last mentioned remuneration as may be agreed between the alternate director and the director appointing him.

21.8 Power to act

Save as otherwise provided in these Articles, an alternate director shall not have power to act as a director nor shall he be deemed to be a director for the purposes of these Articles.

22. NO SHARE QUALIFICATION

Neither a director nor an alternate director shall require a share qualification but nevertheless shall be entitled to attend and speak at any general meeting of the Company and at any separate meeting of the holders of any class of shares of the Company.

23. DIRECTORS INTERESTS

A director (including an alternate director) who has duly declared his interest therein to the Board pursuant to section 317 of the Act may vote as a director in regard to any contract or arrangement in which he is interested or upon any matter arising therefrom, and if he so votes his vote shall be counted, and he shall be counted in the quorum when any such contract or arrangement is under consideration.

24. VACATION OF OFFICE

Without prejudice to the provisions of Article 19, the office of a director shall be vacated:

- (A) if by notice in writing to the Company he resigns the office of director;
- (B) if he shall for more than 6 consecutive months have been absent without permission of the Board from meetings of the Board held during that period, unless he shall have appointed an alternate director who has not been similarly absent during such period;
- (C) if he is unable to pay a debt which is payable immediately or to have no reasonable prospect of paying a debt which is not immediately payable in either case within the meanings given to such expressions in section 268 of the Insolvency Act 1986;
- (D) if he is subject to an interim order under section 252 of the Insolvency Act 1986 or enters into a voluntary arrangement within the meaning given in section 253 of that Act;
- (E) if he is prohibited from being or is disqualified as a director by an order made under any provision of the Insolvency Act 1986 or the Company Directors Disqualification Act 1986;
- (F) if he is, or may be, suffering from mental disorder and either:
 - (A) 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

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- (B) 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; or
 - (G) if he is removed from office under section 303 of the Act.

25. NO AGE LIMIT

Unless and until otherwise determined by the Company by ordinary resolution, either generally or in any particular case, no director shall vacate or be required to vacate his office as a director on or by reason of his attaining or having attained the age of seventy, and any person proposed to be appointed a director shall be capable of being appointed as a director notwithstanding that he has attained the age of seventy, and no special notice need be given of any resolution for the appointment as a director of a person who shall have attained the age of seventy, and it shall not be necessary to give to the members notice of the age of any director or person proposed to be so appointed.

26. PROCEEDINGS OF DIRECTORS

26.1 Quorum

The quorum necessary for the transaction of the business of the Board shall be two, of whom at any time after any B and/or C Directors have been appointed, unless otherwise agreed from time to time by the Ordinary Shareholders and notified to the Company in writing, one shall be an A Director and one shall be a B Director or a C Director. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.

26.2 Regulation of meetings

Unless otherwise determined in respect of each specified meeting by a majority of the Board which majority includes sufficient number and (if appropriate) designation of directors to constitute a quorum for the business to be transacted at such specified meeting meetings of the Board shall be held at least four times in each calendar year. Save where urgent business arises where such period of notice is not practicable, a minimum of seven days notice of meetings of the Board accompanied by the venue for such meeting and an agenda of the business to be transacted (together with where practicable all papers to be circulated or presented to the same) shall be given to all the directors. Subject as aforesaid, the directors may adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes and in the case of an equality of votes no person shall have a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the Board.

26.3 Signed resolutions

A resolution executed or approved in writing by all the directors shall be as valid and effective for all purposes as a resolution passed at a meeting of the Board duly convened and held and may consist of several documents in the like form, each signed by one or more of the directors. A resolution signed by an alternate director need not

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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.

26.4 Delegation to committees

The directors may delegate any of their powers to a committee consisting of at least two directors, of whom at any time after any B and/or C Directors have been appointed at least one shall be an A Director and at least one shall be a B Director or a C Director. No committee shall be entitled to transact any business which the Board would not be entitled to transact, and the provisions of these Articles with respect to the regulation of meetings of the Board shall apply, mutatis mutandis, to meetings of any committee.

26.5 Meetings by conference facilities

A meeting of the Board may consist of a conference between directors some or all of whom are in different places provided that each director who participates is able:

- (A) to hear each of the other participating directors addressing the meeting; and
- (B) if he so wishes, to address each of the other participating directors simultaneously,

whether directly, by conference telephone or by any other form of communications equipment (whether in use when this Article 26.5 is adopted or developed subsequently) or by a combination of such methods. A quorum shall be deemed to be present if those conditions are satisfied in respect of at least the number and designation of directors required to form a quorum. A meeting held in this way shall be deemed to take place at the place where the largest group of directors is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates. Any director may, by prior notice to the secretary, indicate that he wishes to participate in the meeting in such manner, in which event, the directors shall procure that an appropriate conference facility is arranged.

27. INDEMNITY

Every director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, expenses and 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 727 of the Act in which relief is granted to him by the courts, 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. The Company may purchase and maintain for any officers or the Auditors insurance against any liability which by virtue of any rule of law would otherwise attach to him or them in respect of any negligence, default, breach of duty or breach of trust of which he or they may be guilty of in relation to the Company.