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THE COMPANIES ACT 1985

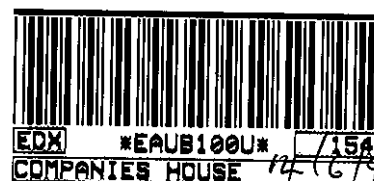
PRIVATE LIMITED COMPANY

ARTICLES OF ASSOCIATION

OF

LADFORM LIMITED

ADOPTED BY SPECIAL RESOLUTION
Passed on 12 June 1996



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THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION

OF

LADFORM LIMITED

(Adopted by Special Resolution passed
on 12 June 1996)

1 DEFINITIONS

1.1 The headings shall not affect the construction of these Articles and in the interpretation of these Articles unless the context otherwise requires the following words and expressions shall bear the following meanings:

"the Act"

the Companies Act 1985.

"Asset Purchase Agreement"

the Agreement dated 12 June 1996 between (1) WHS and (2) the Company whereby WHS agrees to sell and the Company agrees to purchase the business of the Paperchase division of WHS.

"A" Ordinary Share

an "A" Ordinary Share of 10p in the capital of the Company.

"A" Ordinary Shareholder

a holder for the time being of "A" Ordinary Shares.



"A" Preference Share

an "A" redeemable preference share of £1 in the capital of the Company.

"A" Preference Shareholder

a holder for the time being of "A" Preference Shares.

"Board"

the board of Directors or any committee of directors authorised by the Board of Directors.

"B" Ordinary Share

a "B" Ordinary Share of 10p in the capital of the Company.

"B" Ordinary Shareholder

a holder for the time being of "B" Ordinary Shares.

"B" Preference Share

a "B" redeemable cumulative preference share of £1 in the capital of the Company.

"B" Preference Shareholder

a holder for the time being of "B" Preference Shares.

"B" Share

a "B" Ordinary Share or a Preferred Ordinary Share.

"B" Shareholder

a holder for the time being of "B" Shares.

"Bank Overdraft"

the overdraft facility of up to £500,000 made available to the Company by National Westminster Bank plc pursuant to a facility letter dated 21 February 1996.

"Connected Person"

as defined by Section 839 Income and Corporation Taxes Act 1988.

"Controlling Interest"

shares conferring in the aggregate over 50 per cent. of the total voting rights conferred by all the shares in the capital of the Company for the time being in issue and conferring the right to vote at all general meetings of the Company and shall include shares held by all persons who in relation to each other are Connected Persons or persons acting in concert within the meaning of the City Code on Takeovers and Mergers.

"Defined Group"

the Subscribers, their subsidiaries and any partnership of which any of them or F&CV Ltd is general partner or manager, any unit trust or fund of which any of them or F&CV Ltd is trustee, manager or general partner and any unit trust, partnership or fund of which the managers of which are advised by them or F&CV Ltd in each case from time to time.

"Directors"

the directors from time to time of the Company.

"Equity Share Capital"

the "A" Ordinary Shares, "B" Ordinary Shares and Preferred Ordinary Shares.

"F&C Director"

a director appointed pursuant to Article 23 or his alternate.

"F&C Loan Facility"

the overdraft facility of up to £500,000 made available by the Subscribers to the Company pursuant to the Facility Letter dated 3 June 1996 from the Subscribers and accepted by the Company

"F&CV Ltd"

Foreign & Colonial Ventures Limited and its successor in title.

"Full Redemption"

the redemption of all of the "A" Preference Shares and all of the "B" Preference Shares in accordance with Articles 5 and 6 respectively and in the case of the "B" Preference Shares (otherwise than any redemption of the "B" Preference Shares pursuant to Article 6.9).

"Institutional Shares"

the 1,400,000 "B" Ordinary Shares, the 400,000 Preferred Ordinary Shares and the 460,000 "B" Preference Shares, issued to the Subscribers on completion of the Subscription Agreement.

"Listing"

either:

- (a) the admission of any of the Company's shares to the Official List of the Stock Exchange and such admission becoming effective; or

- (b) the granting of an application by the Company for permission to deal in any of the Company's shares on any other public securities market (including the Alternative Investment Market of the Stock Exchange) and such permission becoming effective.

"Listing Date"

the date of publication of listing particulars (as that term is used in the Financial Services Act 1986) or of a prospectus (as that term is used in the Public Offer of Securities Regulations 1995) published in connection with a Listing.

"Loan Stock"

the unsecured loan stock of the Company constituted by the Loan Stock Instrument.

"Loan Stock Instrument"

the instrument constituting the Loan Stock in the approved terms.

"Minimum Dividend"

as defined in Article 10

"Net Profits"

the net profits of the Company and its subsidiaries available for distribution as shown by the audited consolidated profit and loss account of the Company and its subsidiaries for the relevant financial year:-

- (a) after deducting any taxation on profits including corporation tax and any similar additional or substituted tax
- (b) after adding back the amount of any interest accrued during the relevant financial year in respect of the Loan Stock; and
- (c) before any provision is made for the payment of 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.

"Ordinary shares of the Company"

the issued shares of the Company from time to time excluding those shares which, neither as respects dividends nor as

respects capital, carry any right to participate beyond a specified amount in a distribution and excluding (without limitation) the "A" Preference Shares and the "B" Preference Shares, and "Ordinary Shares" shall be construed accordingly.

"Institutional Ordinary Share Value"

- (a) (in relation to a Listing) the price per share at which any Ordinary Shares of the Company are sold, offered to be sold or offered at a Listing Date and in connection with Listing (in the case of an offer for sale, being the underwritten price or, if applicable, the minimum tender price, and in the case of a placing, being the price at which Ordinary Shares are sold under the placing) multiplied by the number of Relevant Ordinary Shares at the relevant time; and
- (b) (in relation to a Sale) the price for each Relevant Ordinary Share pursuant to the Sale multiplied by the number of Relevant Ordinary Shares in issue at the date of Sale.

"Ordinary Shareholder"

a holder for the time being of Ordinary Shares of the Company.

"Preferred Ordinary Shares"

a redeemable ordinary share of 10p in the capital of the Company.

"Preferred Ordinary Shareholder"

a holder for the time being of a Preferred Ordinary Share.

"Prescribed Price"

as defined in Article 13.

"Relevant Ordinary Shares"

those "B" Ordinary Shares and Preferred Ordinary Shares (or any ordinary shares of the Company derived from them by conversion) constituting Institutional Shares in issue at the time of the relevant Sale or Listing.

"Sale"

the acquisition of a Controlling Interest in the Company by any person other than members of the Defined Group.

"Shareholder-related Contract"

any contract, agreement, arrangement or transaction, including in particular (but without limitation) contracts of employment or for the provision of services, made between any "A" Ordinary Shareholder (or any person who in relation to such "A" Ordinary Shareholder is a Connected Person) and the Company or any holding company of the Company or any subsidiary of the Company or of any such holding company.

"the Stock Exchange"

London Stock Exchange Limited.

"Subscription Agreement"

the Subscription Agreement dated 12 June 1996 relating to (inter alia) the subscription for shares in the Company between (1) the Company (2) Timothy Melgund (3) Robert James Warden (4) Esme Frances Winch and (5) the Subscribers.

"Subscribers"

Foreign & Colonial Enterprise Trust PLC, Foreign & Colonial Private Equity Trust Limited Partnership and Foreign & Colonial Ventures Private Equity Partnership and their respective successors in title.

"Table A"

Table A in the Schedule to the Companies ("Tables A to F) Regulations 1985 as amended in force at the date of adoption of these Articles.

"WHS"

W H Smith Limited.

"WHS Director"

a director appointed pursuant to Article 24 or his alternate.

"WHS Group"

WHS, any holding company of WHS and any subsidiaries of WHS or of any such holding company.

2 **Interpretation**

2.1 References to any document "in the approved terms" means in a form approved by the holders of 75% of the "A" Preference Shareholders and 75% of the "B" Ordinary Shareholders prior to date of adoption of these Articles of Association and initialled on their behalf for the purpose of identification.

2.2 In these Articles, unless the context does not so admit:

2.2.1 reference to an individual or individuals shall include his or their personal representative(s);

2.2.2 reference to the singular includes a reference to the plural and vice versa and reference to the masculine includes a reference to the feminine and neuter and vice versa;

2.2.3 words and expressions defined in the Act shall have the same meanings in these Articles;

2.2.4 the expressions "paid-up" or "paid up value" as used in relation to any part of the share capital of the Company shall mean the total amount paid up, or credited as paid up, on the relevant shares including any premium paid up on the relevant shares;

2.2.5 unless indicated to the contrary, where any matter requires the consent of the F&C Director, that consent shall be given by not less than 75 per cent. of the "B" Ordinary Shareholders or the F&C Representative appointed pursuant to Article 23.2, where no F&C Director is appointed;

2.2.6 unless indicated to the contrary, where any matter requires the consent of the WHS Director, that consent shall be given by not less than 75 per cent of the "A" Preference Shareholders, where no WHS Director is appointed.

3 **Table A**

The Regulations contained in Table A shall apply to the Company save insofar as they are excluded or modified by these Articles. The first sentence of Regulation 24, the fifth sentence of

Regulation 88 and Regulations 64, 73-77 inclusive, 80, 87 and 94 of Table A shall not apply and the final sentence of Article 112 shall not apply but subject as aforesaid, and in addition to the remaining Regulations of Table A the following shall be the Articles of Association of the Company.

4 Share capital

The share capital of the Company at the date of adoption of these Articles is £1,250,000 divided into:

- 600,000 "A" Ordinary Shares
- 1,400,000 "B" Ordinary Shares
- 400,000 Preferred Ordinary Shares
- 550,000 "A" Preference Shares and
- 460,000 "B" Preference Shares.

5 Rights of the "A" Preference Shares

5.1 As regards income

The "A" Preference Shares shall not be entitled to participate in the profits of the Company.

5.2 As regards redemption

- 5.2.1 the "A" Preference Shares shall be redeemed for their paid up value;
- 5.2.2 the Company shall in respect of each financial year until the balance of the "A" Preference Shares have been redeemed apply a cash sum equal to 50 per cent. of the Net Profits as shown in the audited accounts of the Company to the redemption of the "A" Preference Shares, which redemption shall take place on 20 December in each year in respect of the financial year ending prior to that date, the first such date of redemption to be on 20 December 1997 in respect of the financial year ending on 31 May 1997 ("Redemption Date");

- 5.2.3 each redemption as set out in Article 5.2.2 of some but not all of the "A" Preference Shares shall be made amongst the "A" Preference Shareholders pro rata as nearly as possible to their then holdings of "A" Preference Shares;
- 5.2.4 the Company shall serve notice of such redemption on the "A" Preference Shareholders not less than 7 days prior to the Redemption Date;
- 5.2.5 upon a Redemption Date the paid up value of the "A" Preference Shares to be redeemed ("the redemption moneys") shall become a debt due and payable by the Company to the "A" Preference Shareholder and subject to receipt of the relevant share certificate (or an indemnity in respect of the relevant share certificate in a form satisfactory to the Company) the Company shall immediately upon the Redemption Date pay the redemption moneys to the "A" Preference Shareholders;
- 5.2.6 on redemption the Company shall cancel the share certificate of the "A" Preference Shareholders concerned and, in the case of a redemption of part of the shares included in the certificate, without charge issue a fresh certificate for the balance of shares not redeemed;
- 5.2.7 if, in respect of any financial year, the Company is permitted by the Act to redeem some only of the "A" Preference Shares which would otherwise fall to be redeemed pursuant to Article 5.2.2, the Company shall redeem such numbers of the "A" Preference Shares as may lawfully be redeemed on the Redemption Date, in that financial year and shall redeem as soon thereafter on subsequent Redemption Dates the remaining number of "A" Preference Shares which would otherwise have fallen to be redeemed in respect of that period, in each case, in addition to the "A" Preference Shares due to be redeemed on any subsequent Redemption Date and in

priority to the transfer of any other sum to reserves or any rights of the holders of any other class of shares in the capital of the Company;

5.2.8 if the Company has, when it has profits available for distribution within the meaning of the Act, failed to redeem any of the "A" Preference Shares to the extent allowed by such available profits on the due dates in accordance with the requirements of Article 5.2.2 and 5.2.7, the paid up value of the "A" Preference Shares which are due to be redeemed but which were not so redeemed will bear interest at 2 per cent. above the base rate from time to time of National Westminster Bank PLC for each day on which the "A" Preference Shares due to be redeemed are not so redeemed. Interest shall be payable in respect of the period commencing with the date on which the "A" Preference Shares are due to be redeemed and ending on the date on which such "A" Preference Shares are redeemed at a rate per annum compounded with rests on each Redemption Date.

5.3 Early Voluntary Redemption by the Company

The Company may at any time after the date of adoption of these Articles redeem all or any of the "A" Preference Shares then outstanding (in tranches of not less than 10,000 "A" Preference Shares) for a cash payment to be made by the Company to the "A" Preference Shareholders whose "A" Preference Shares are then being redeemed of the aggregate of the paid up value of the relevant number of "A" Preference Shares together with any interest payable thereon by serving notice of such redemption upon "A" Preference Shareholders specifying a date upon which redemption is to take place being not less than 14 days nor more than 30 days from the date of such notice and stating the number of "A" Preference Shares held by each such "A" Preference Shareholder to be redeemed. The provisions of Articles 5.2.3 to

5.2.6 inclusive shall have effect mutatis mutandis to such redemption except that the Redemption Date shall be that specified in the said notice.

5.4 Redemption on a Sale or Listing

The Company shall redeem all the outstanding "A" Preference Shares immediately prior to a Sale or Listing (as the case may be) for a total cash payment to be made by the Company to the "A" Preference Shareholder of the aggregate of the paid up value of each of the "A" Preference Shares held by it together with any interest payable thereon. The provisions of Articles 5.2.3 to 5.2.6 inclusive shall have effect mutatis mutandis to such redemption except that the Redemption Date shall be the date immediately prior to such Sale or Listing (as the case may be).

5.5 As regards capital

On a return or repayment of capital on liquidation or otherwise or other distribution of assets by the Company to any of its shareholders, the assets of the Company available for distribution amongst the shareholders shall be applied in priority to any payment to the holders of any other class of shares in the capital of the Company and in priority to any repayment of the Loan Stock (but for the avoidance of doubt after repayment of the F&C Loan Facility), in paying to the "A" Preference Shareholders the aggregate of the paid up value of each of their "A" Preference Shares together with any interest payable thereon.

5.6 Further participation

The "A" Preference Shares shall not confer any further right of participation in the profits or assets of the Company.

5.7 As regards voting

The "A" Preference Shareholder shall be entitled to receive notice of and to attend and speak but not to vote at all General Meetings of the Company unless the Company:-

- 5.7.1. shall not have paid on the due date for payment any amount due on redemption of "A" Preference Shares where the Company had on such date sufficient profits available for distribution in accordance with the Act to pay such amount;

5.7.2 shall be in breach of Article 5.8;
when those "A" Preference Shareholders in respect of whom the Company shall be in default shall be entitled to receive notice of, to attend and until payment or redemption or remedy of the breach (as the case may be) to vote at any General Meeting of the Company and on a show of hands each "A" Preference Shareholder present in person or by proxy shall have one vote and on a poll shall have one vote for each "A" Preference Share of which he is the holder and for the avoidance of doubt the voting provisions in this Article 5.7 shall take precedence over the provisions of Table A.

5.8 Matters requiring Consent

So long as any "A" Preference Shares shall remain outstanding and except with the consent of the holders of not less than 75 per cent. of the "A" Preference Shares:

- 5.8.1 the Company shall not modify or vary the rights attaching to any class of share capital of the Company;
- 5.8.2 the Company shall not pass any resolution for reducing the number of shares in any class of share capital of the Company or (except for the purpose of redeeming any of the "A" Preference Shares, the "B" Preference Shares or the Preferred Ordinary Shares in accordance with these Articles of Association) the amount (if any) for the time being standing to the credit of its share premium account or capital redemption reserve in any manner or reduce any uncalled liability in respect of partly paid shares;
- 5.8.3 the Company shall not make any distribution, payment or return to shareholders (other than in respect of the "A" Preference Shares and "B" Preference Shares in accordance with these Articles of Association);
- 5.8.4 the Company shall not issue any further shares ranking as regards redemption or carrying the right to participation in the profits or assets of the Company in priority to or pari passu with the "A" Preference Shares;

- 5.8.5 the Company shall not permit any subsidiary to issue (other than to the Company or another wholly-owned subsidiary of the Company) any shares ranking as regards participation in the assets or profits of that subsidiary in priority to its ordinary share capital nor shall any disposal be made by the Company or by any subsidiary of the Company of any such shares (otherwise than as aforesaid);
- 5.8.6 the Company shall not capitalise any undistributed profits (whether or not the same are available for distribution and including profits standing to any reserve) or any sum standing to the credit of its share premium account or capital redemption reserve.
- 5.8.7 there shall be no increase in the rate of interest payable by the Company or the principal amount available under the F&C Loan Facility;
- 5.8.8 the Company shall not issue any Loan Stock except on the terms of the Loan Stock Instrument;
- 5.8.9 the Company shall not vary the terms of, or make any repayments of principal in respect of the Loan Stock except pursuant to the terms of the Loan Stock Instrument;
- 5.8.10 the Company shall not register any transfer of the Loan Stock except pursuant to the terms of the Loan Stock Instrument;
- 5.8.11 the aggregate amount for the time being outstanding of all arms length bank borrowings of the Company shall not at any time exceed an amount equal to £5,000,000;
- 5.8.12 the Company shall not change the accounting reference date adopted by the Company at the date of adoption of these Articles;
- 5.8.13 the Company shall not change the accounting practices, principles and policies adopted by the Company at the date of adoption of these Articles other than where such alterations are required as a result of a change in the law

provided that this Article 5.8 shall not apply to:

- (a) the purchase of any "A" Preference Shares by the Company or the issue of any shares in the capital of the Company for the purposes of giving effect to the provisions of clauses 15.21 and 15.22 of the Asset Purchase Agreement;
- (b) the issue of any Loan Stock provided that the Loan Stock is issued on the terms of the Loan Stock Instrument;
- (c) the issue of any "B" Preference Shares provided that the "B" Preference Shares have the rights and are subject to the restrictions set out in these Articles of Association.
- (d) the issue of any Ordinary Shares provided that the Ordinary Shares have the rights and are subject to the restrictions set out in these Articles of Association.

5.9 The Company shall procure that each of its subsidiaries (if any) shall in respect of each financial year distribute by way of dividend to the Company an amount equal to the profits available for distribution within the meaning of the Act of that subsidiary.

6 Rights of the "B" Preference Shares

6.1 As regards income

6.1.1 The "B" Preference Shares shall confer on the "B" Preference Shareholders the right to receive, subject to the redemption of the "A" Preference Shares due to be redeemed on the date of payment of the Preference Dividend (as defined below) but in priority to the transfer of any other sum to reserves or any rights of the holders of any other class of shares in the capital of the Company to receive any dividend or other distribution and payable without any resolution of the Directors or of the Company, a fixed cumulative preferential dividend ("Preference Dividend") at the

rate of 8 per cent. per annum (exclusive of any associated tax credit) in respect of the period commencing on the date of adoption of these Articles down to and including the date of redemption of the final "B" Preference Share in each case on the paid up value of the "B" Preference Shares held by them. The Preference Dividend shall accrue from day to day and be paid on 20 December 1997 in respect of the period from the date of adoption of these Articles up to and including 31 May 1997, on 20 December in each year thereafter in respect of the financial year ending prior to that date until the redemption in full of the "A" Preference Shares and following redemption in full of the "A" Preference Shares, half yearly on 20 December and 20 June in each year in respect of the half years ending on those dates save that the first Preference Dividend payment following redemption of the "A" Preference Shares in full shall be in respect of the period from the date to which the last Preference Dividend was calculated to the date being either the 20 December or the 20 June next following the date of redemption of the "A" Preference Shares in full, as appropriate. Where any "B" Preference Shares are issued after the date of adoption of these Articles of Association the Preference Dividend shall be payable in accordance with this Article 6.1.1 save that the first Preference Dividend shall be in respect of the period from the date of issue of the "B" Preference Shares up to and including the next date for payment of the Preference Dividend as specified in this article 6.1.1. Any "A" Preference Shares due to be redeemed on the date of payment of the Preference Dividend shall be redeemed in priority to any payment of the Preference Dividend. Any amount of the Preference Dividend not

paid shall be carried forward and be payable in priority to the Preference Dividend payable on any later date.

- 6.1.2 An overdue instalment of the Preference Dividend will bear interest at 2 per cent. above the base rate from time to time of National Westminster Bank plc on each day on which the Preference Dividend remains unpaid. Interest shall be payable in respect of the period commencing with the date on which the dividend becomes due and ending with the date on which it is paid at a rate per annum compounded with rests on each Preference Dividend payment date.

6.2 As regards capital

On a return of capital on liquidation or otherwise the assets of the Company available for distribution amongst the Shareholders shall be applied, subject to paying to the "A" Preference Shareholders the aggregate of the paid up value of each of the "A" Preference Shares together with any interest payable thereon and in priority to any payment to the holders of any other class of shares in the capital of the Company, in paying to the "B" Preference Shareholders:

- 6.2.1 first, an amount equal to any accrued, unpaid Preference Dividend together with any interest payable thereon to be calculated down to the date of return of capital and to be payable irrespective of whether or not the Company has sufficient profits available for distribution to pay the accrued, unpaid Preference Dividend; and
- 6.2.2 secondly the paid up value of each of their "B" Preference Shares, the paid up value of each of their "B" Preference Shares.

6.3 Further participation

The "B" Preference Shares shall not confer any further right of participation in the profits or assets of the Company.

6.4 **As regards redemption**

- 6.4.1 Subject to the prior redemption of the "A" Preference Shares in full together with any interest payable thereon, the Company shall redeem for cash all the "B" Preference Shares on the fifth anniversary of the date of issue of the "B" Preference Shares or, if later, the day after the "A" Preference Shares are redeemed in full together with any interest payable thereon ("B Redemption Date"). In the event that the "A" Preference Shares are redeemed in full prior to the fifth anniversary of the date of issue of the "B" Preference Shares, then subject to the prior payment of all the Preference Dividends due on the "B" Preference Shares and any interest payable thereon, the Company shall in respect of each financial year ending after the date of redemption of the "A" Preference Shares in full together with any interest payable thereon until the balance of the "B" Preference Shares have been redeemed, apply a cash sum equal to 50 per cent. of the Net Profits as shown in the audited accounts of the Company to the redemption of the "B" Preference Shares, which redemption shall take place on 20 December in each year after the redemption of the "A" Preference Shares in full together with payment of any interest payable thereon, in respect of the financial year ending prior to that date ("B Redemption Date").
- 6.4.2 Each such redemption of some but not all of the "B" Preference Shares shall be made amongst the "B" Preference Shareholders pro rata as nearly as possible to their then holdings of "B" Preference Shares.
- 6.4.3 Upon the B Redemption Date the paid up value of the "B" Preference Shares to be redeemed and any Preference Dividend due together with any interest payable thereon in relation to the "B" Preference Shares ("the redemption moneys") shall become a debt due and payable by the Company to the relevant "B" Preference

Shareholders and subject to receipt of the relevant share certificates (or an indemnity in respect of the share certificates in a form reasonably satisfactory to the Company) the Company shall forthwith upon the B Redemption Date pay the redemption moneys to the appropriate shareholder.

6.4.4 On redemption the Company shall cancel the share certificate of the shareholder concerned and, in the case of a redemption of part of the shares included in the certificate, without charge issue a fresh certificate for the balance of shares not redeemed.

6.4.5 As from the B Redemption Date the Preference Dividend shall cease to accrue on the "B" Preference Shares to be redeemed unless on the presentation of the certificate (or an indemnity) relating to such "B" Preference Shares the Company fails to make payment of the redemption moneys in which case the Preference Dividend shall be deemed to have continued and shall continue to accrue from the B Redemption Date to the date of payment.

6.5 Early Voluntary Redemption by the Company

The Company may at any time after the date of adoption of these Articles and subject to the prior redemption of the "A" Preference Shares in full together with payment of any interest payable thereon, redeem all the "B" Preference Shares then outstanding in tranches of not less than 10,000 "B" Preference Shares for a cash payment to be made by the Company to the "B" Preference Shareholders whose "B" Preference Shares are then being redeemed of the aggregate of:

6.5.1 the paid up value of the relevant number of "B" Preference Shares; and

6.5.2 an amount equal to any accrued, unpaid Preference Dividend together with interest payable thereon to be calculated down to the date of return of capital and to be payable irrespective of whether or not the Company

has sufficient profits available for distribution to pay the accrued, unpaid Preference Dividend by serving notice of such redemption upon the "B" Preference Shareholders specifying a date upon which redemption is to take place being not less than 14 days nor more than 30 days from the date of such notice and stating the number of "B" Preference Shares held by each such "B" Preference Shareholder to be redeemed. The provisions of Articles 6.4.2 to 6.4.5 inclusive shall have effect mutatis mutandis to such redemption except that the B Redemption Date shall be that specified in the said notice.

6.6 Redemption on a Sale or Listing

The Company shall, subject to the prior redemption of the "A" Preference Shares in full together with payment of any interest payable thereon, redeem all the outstanding "B" Preference Shares immediately prior to a Sale or Listing (as the case may be) for a total cash payment to be made by the Company to the "B" Preference Shareholders of the aggregate of:

- 6.6.1 the paid up value of each of the "B" Preference Shares held by them; and
- 6.6.2 an amount equal to any accrued, unpaid Preference Dividend together with any interest payable thereon to be calculated down to the date of return of capital and to be payable irrespective of whether or not the Company has sufficient profits available for distribution to pay the accrued, unpaid Preference Dividend.

The provisions of Articles 6.4.2 to 6.4.5 inclusive shall have effect mutatis mutandis to such redemption save that the B Redemption Date shall be the date immediately prior to such Sale or Listing (as the case may be).

6.7 As regards voting

"B" Preference Shareholders shall be entitled to receive notice of and to attend and speak but not to vote at all General Meetings of the Company unless the Company:

- 6.7.1 shall not have paid the Preference Dividend within 30 days after a due date for payment whether or not the Company had sufficient distributable profits or reserves out of which to pay such dividend; or
- 6.7.2 shall have failed to pay within 30 days after a due date for payment any amount due on redemption of the "B" Preference Shares whether or not the Company had sufficient distributable profits or reserves out of which to pay such amount; or
- 6.7.3 shall be in breach of Article 6.8
- when those "B" Preference Shareholders in respect of whom the Company shall be in default shall be entitled to receive notice of, to attend and until payment or redemption or remedy of the breach (as the case may be) to vote at any General Meeting of the Company and on a show of hands each "B" Preference Shareholder present in person or by proxy shall have one vote and on a poll shall have one vote for every "B" Preference Share of which he is the holder and for the avoidance of doubt the voting provisions in this Article 6.7 shall take precedence over the provisions of Table A.

6.8 Matters requiring Consent

So long as any "B" Preference Shares shall remain outstanding and except with the consent of the holders of not less than 75 per cent. of the "B" Preference Shares:

- 6.8.1 the Company shall not modify or vary the rights attaching to any class of capital of the Company;
- 6.8.2 the Company shall not pass any resolution for reducing the number of shares in any class of share capital of the Company or (except for the purpose of redeeming any of the "A" Preference Shares, the "B" Preference Shares or the Preferred Ordinary Shares in accordance with the Articles of Association) the amount (if any) for the time being standing to the credit of its share premium

account or capital redemption reserve in any manner or reduce any uncalled liability in respect of partly paid shares;

6.8.3 the Company shall not make any distribution, payment or return to shareholders (other than in respect of the "A" Preference Shares and "B" Preference Shares in accordance with these Articles of Association);

6.8.4 subject to clause 10 of the Subscription Agreement the Company shall not issue any further shares ranking as regards participation in the profits or assets of the Company in priority to or pari passu with the "B" Preference Shares;

6.8.5 the Company shall not permit any subsidiary to issue (other than to the Company or another wholly-owned subsidiary of the Company) any shares ranking as regards participation in the assets or profits of that subsidiary in priority to its ordinary share capital nor shall any disposal be made by the Company or by any subsidiary of the Company of any such shares (otherwise than as aforesaid);

6.8.6 the Company shall not capitalise any undistributed profits (whether or not the same are available for distribution and including profits standing to any reserve) or any sum standing to the credit of its share premium account or capital redemption reserve.

6.9 **Early redemption by "B" Preference Shareholders**

The "B" Preference Shareholders shall be entitled by notice in writing to the Company given by the holders of not less than 75 per cent. of the "B" Preference Shares to require redemption of all of the "A" Preference Shares and all or any of the "B" Preference Shares then in issue at any time after the happening of any one or more of the following events:

6.9.1 any Preference Dividend is not paid within 30 days after a due date in circumstances whether or not the Company had sufficient distributable profits or reserves out of which to pay such dividend; or

- 6.9.2 any amount due on redemption of any Preference Shares is not paid within 30 days after the due date in circumstances where sufficient distributable profits or reserves are in law available for such redemption; or
- 6.9.3 any breach (than a breach by a "B" Ordinary Shareholder) has occurred of the provisions of Article 6.8; or
- 6.9.4 any material breach has occurred (which has not been remedied within 30 days of written notice specifying the breach being given by the "B" Preference Shareholders to the "A" Ordinary Shareholders) of any of the covenants, terms or conditions of or any claim has arisen and been made in respect of a breach of a warranty under the Subscription Agreement; or
- 6.9.5 any material indebtedness of the Company or any of its subsidiaries shall become repayable prior to its specified maturity or demand shall be made for repayment of any material indebtedness of the Company or any of its Subsidiaries;

and the provisions of Articles 5.2.3, 5.2.5 and 5.2.6 shall have effect in relation to the redemption of the "A" Preference Shares mutatis mutandis save that the Redemption Date shall be the date of such notice and the provisions of Articles 6.4.2 to 6.4.5 inclusive shall have effect in relation to the redemption of the "B" Preference Shares mutatis mutandis save that the B Redemption Date shall be the date of such notice

PROVIDED THAT the redemption of any "B" Preference Shares pursuant to this Article 6.9 shall be subject to the prior redemption of the "A" Preference Shares in full together with payment of any interest thereon and

PROVIDED FURTHER THAT the "B" Preference Shareholders shall be entitled by notice in writing to the Company given by the holders of 75 per cent. of the "B" Preference Shares to withdraw in whole or in part any notice requiring redemption before such redemption has taken place.

6.10 Notwithstanding anything in these Articles no redemption of the "B" Preference Shares shall be made by the Company unless and until such time as all the "A" Preference Shares have been redeemed in full together with payment of any interest thereon.

7 **The rights attaching to the Ordinary Shares**

Except as otherwise specifically provided in these Articles the "A" Ordinary Shares and "B" Ordinary Shares and Preferred Ordinary Shares shall rank pari passu but shall subject as provided in Article 11 of these Articles, constitute three separate classes of shares.

8 **Performance ratchet**

8.1 The provisions of Articles 8.2 to 8.5 (inclusive) shall only apply if the following conditions are satisfied:

8.1.1 Full Redemption has occurred;

8.1.2 there is a Sale or Listing;

8.1.3 on the Sale or Listing the Institutional Ordinary Share Value is not less than the greater of:

(a) $A + B + C - [D + E + F + G]$

where

A is the aggregate of the subscription monies paid by the Subscribers in respect of the Institutional Shares;

B is the aggregate of the advances made to the Company under the F&C Loan Facility;

C is an amount equal to a compound rate of return on the aggregate of the subscription monies paid by the Subscribers in respect of the Institutional Shares and the advances made to the Company pursuant to the F&C Loan Facility of 30 per cent. per annum, calculated from the date of issue to the date of redemption (in the case of the "B" Preference Shares), the date each advance was made to the date of repayment of that advance (in the case of the F&C Loan Facility) and the date of issue to the date of Sale or the Listing Date (in the case of the "B" Ordinary Shares and the

Preferred Ordinary Shares);

D is an amount equal to the aggregate of all dividends (including any tax credit) paid in respect of the Institutional Shares;

E is an amount equal to the aggregate of any interest paid on advances made pursuant to the F&C Loan Facility; and

F is the aggregate of redemption moneys paid on the redemption of those "B" Preference Shares and Preferred Ordinary Shares forming part of the Institutional Shares; and

G is the repayment moneys paid on advances made pursuant to the F&C Loan Facility;

and

(b) $[A \times 3] - [D + F]$

where

A, D and F are as defined in Article 8.1.3(a);

8.1.4 the F&C Loan Facility has been repaid in full; and

8.1.5 no investment has been made by the Subscribers in the Company apart from the investment made at completion of the Subscription Agreement or the purchase by the Subscribers of any "A Preference Shares.

Provided that if there is any disagreement in relation to the Institutional Ordinary Share Value the matter may be referred by any relevant party to an umpire (acting as an expert and not as an arbitrator) nominated by the persons concerned (or in the event of disagreement as to nomination appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales) whose decision shall be final and binding unless there is a manifest error and whose costs shall be payable by the Company.

8.2 Subject to Article 8.1, the Company shall on the Sale or Listing and subject to the provisions of the Act redeem each of the Preferred Ordinary Shares for a sum equal to the amount paid up on each share.

- 8.3 The Company shall serve notice of such redemption upon the Preferred Ordinary Shareholder specifying the date being not less than 7 days nor more than 14 days after such notice upon which redemption is to take place.
- 8.4 On the date of Sale or the Listing Date the paid up value of the Preferred Ordinary Shares ("the Redemption Moneys") shall become a debt due and payable by the Company to the relevant Preferred Ordinary Shareholders and, subject to the receipt of the relevant share certificate (or an indemnity in respect of the relevant share certificate in a form reasonably satisfactory to the Company) the Company shall forthwith upon the Relevant Date pay the Redemption Monies to the appropriate shareholder.
- 8.5 On redemption, the Company shall cancel the share certificate for the Preferred Ordinary Shares of the shareholder concerned.
- 9 **Variation of rights attaching to the Ordinary Shares**
The rights attaching to each class of ordinary shares may only be varied with the consent in writing of the holders of 75 per cent. or more of the holders of such class of ordinary shares or by an extraordinary resolution passed at a separate class meeting.
- 10 **Minimum dividend**
- 10.1 When redemption of the "A" Preference Shares and all of the "B" Preference Shares shall have occurred then the holders of the "A" Ordinary Shares, the "B" Ordinary Shares and the Preferred Ordinary Shares shall be entitled in respect of each financial year of the Company following the financial year in which all of the "A" Preference Shares and all of the "B" Preference Shares have been redeemed a dividend of a cash sum equal to fifty per cent. (exclusive of any associated tax credit) ("the Minimum Dividend") of the Net Profits. The Minimum Dividend shall be payable (without any resolution of the Directors or of the Company in general meeting) not more than fourteen days after the annual general meeting at which the audited accounts of the Company for the relevant financial year are adopted such annual

general meeting to be held no later than five months after the end of the relevant financial period and shall be distributed amongst the "A" Ordinary Shareholders, "B" Ordinary Shareholders and Preferred Ordinary Shareholders pro rata to the number of "A" Ordinary Shares, "B" Ordinary Shares and Preferred Ordinary Shares held by them respectively.

- 10.2 The Company shall procure the distribution to the Company in respect of each such financial year, whether by way of dividend, reduction of capital, liquidation of subsidiaries or otherwise, of sufficient of the profits of its subsidiaries to enable the Company to pay the Minimum Dividend.

11 **Issues of shares**

Subject to these Articles the pre-emption provision of sub-section (1) of Section 89 and sub-section (1) to (6) of Section 90 of the Act shall apply to any allotment of the Company's equity securities PROVIDED THAT (a) for the purposes of these sub-sections the "A" Ordinary Shares and the "B" Shares shall be treated as one class; (b) the period specified in section 90(6) of the Act shall be 14 days and (c) the holders of equity securities ("Equity Shareholders") who accept shares shall be entitled to indicate that they would accept shares that have not been accepted by other Equity Shareholders ("Excess Shares") on the same terms as originally offered to all Equity Shareholders and any shares not so accepted shall be allotted to the Equity Shareholders who have indicated that they would accept Excess Shares and such Excess Shares shall be allotted in the numbers in which they have been accepted by Equity Shareholders or if the number of Excess Shares is not sufficient for all Equity Shareholders to be allotted all the Excess Shares they have indicated they would accept then the Excess Shares shall be allotted as nearly as practicable in the proportions that the number of Excess Shares each Equity Shareholder indicated he would accept bears to the total number of Excess Shares applied for.

12 **Permitted transfers**

- 12.1 Any share (and/or any interest in any share) may be transferred at any time by a shareholder to any other person with the consent of the holders of 75 per cent. of the "B" Ordinary Shares. The provisions of this Article 12.1 and Articles 12.2 to 12.9 (inclusive) shall be without prejudice to Article 17.
- 12.2 Without prejudice to Regulation 5 of Table A, any share (and/or any interest in any share) held by a shareholder may be transferred to a person shown to the satisfaction of the F&C Director or the holders of 75 per cent. of the "B" Ordinary Shares to be a nominee of or a trustee for that shareholder only (the "Beneficial Shareholder") provided that this Article and Articles 13, 14, 15 and 18 shall apply to any share so transferred as if it were still held by the Beneficial Shareholder. Any share held by such a nominee or trustee for such Beneficial Shareholder may be transferred to such Beneficial Shareholder or subject to the proviso in this sub-paragraph to another nominee or trustee for such Beneficial Shareholder.
- 12.3 Any "B" Ordinary Shareholder and/or Preferred Ordinary Shareholder which is a body corporate may transfer any shares (and/or any interest in shares) to its ultimate parent company or any other body corporate controlled directly or indirectly by it or its ultimate parent company Provided always that the transferee gives an undertaking to the Company that in the event of any such body corporate ceasing to be controlled directly or indirectly by the original shareholder or such ultimate parent company immediately prior to it so ceasing such shares shall be transferred to another body corporate so controlled (for which purposes "control" has the same meaning as in Section 840 of the Income and Corporation Taxes Act 1988).
- 12.4 Any shares which are held by or on behalf of an Investment Trust (as defined for the purposes of the Rules of the Stock Exchange) whose shares are listed on the Stock Exchange may be transferred to another such Investment Trust:

- 12.4.1 whose shares are also so listed; and
- 12.4.2 which is managed by the same management company as the transferor or by a holding company of such management company or any subsidiary company of such holding company.
- 12.5 Any "B" Ordinary Shares and/or any Preferred Ordinary Shares (and any interest in those "B" Ordinary Shares and/or Preferred Ordinary Shares) may be held for or transferred or disposed of to any member of the Defined Group or to any trustee for any such member provided that in the event that the transferee ceases to be a member of the Defined Group or any trustee for any such member the "A" Ordinary Shares and/or Preferred Ordinary Shares shall be transferred back to a member of the Defined Group or any trustee for any such member.
- 12.6 Any "B" Ordinary Shares and/or any Preferred Ordinary Shares (and any interest in those "B" Ordinary Shares and/or Preferred Ordinary Shares) which are held by or on behalf of a unit trust or partnership or other unincorporated association or fund may be transferred or disposed of to the holder or holders of units in such unit trust or partners in such partnership or members of such unincorporated association or investors in such fund from time to time or to trustees for any such person.
- 12.7 Any shareholder which is a nominee or trustee whether directly or indirectly for an approved scheme or schemes as defined in Section 612 of the Income and Corporation Taxes Act 1988 may transfer any shares to any other nominee or trustee whether direct or indirect for the same approved scheme or schemes.
- 12.8 Any shares which are held by a nominee or trustee of a partnership may be transferred to the partnership or to any new nominee or trustee for such partnership.
- 12.9 Any "B" Ordinary Shares and/or Preferred Ordinary Shares may be held by or on behalf of a partnership, unit trust, investment trust, unincorporated association or other fund or corporation and may be transferred to another such partnership, unit trust, investment trust, unincorporated association or other fund or

corporation which is managed or advised by the same manager or adviser as the transferor or by a holding company of such manager or adviser or any subsidiary of such holding company.

12.10 No "A" Ordinary Shares may be transferred (except in relation to Article 12.11, where required pursuant to Article 15 or in accordance with the provisions of Article 18) without the prior written consent of the F&C Director or the holders of 75 per cent. of the "B" Ordinary Shares.

12.11 Unless otherwise agreed in writing by the holders of not less than 75 per cent of the "B" Ordinary Shares, not more than 25 per cent. of the "A" Ordinary Shares held by a shareholder at the date of adoption of these Articles may at any time be transferred by an individual shareholder (not being in relation to the shares concerned a holder of the shares, as a trustee of any Family Trust) to a Privileged Relation or to trustees to be held upon Family Trusts related to such individual shareholder.

12.12 Where "A" Ordinary Shares have been transferred under Article 12.11 to trustees of Family Trusts, the trustees and their successors in office may transfer all or any of the Relevant Shares as follows:

12.12.1 on any change of trustees, the Relevant Shares may be transferred to the trustees for the time being of Family Trusts concerned;

12.12.2 pursuant to the terms of such Family Trusts or in consequence of the exercise of any power or discretion vested in the trustees under the Family Trusts or any other person, all or any of the Relevant Shares may at any time be transferred to the trustees for the time being of any other trusts being Family Trusts in relation to the same individual shareholder; or

12.12.3 on the total or partial termination of or pursuant to the terms of the Family Trusts concerned or in consequence of the exercise of such power or discretion as aforesaid, all or any of the Relevant Shares may at any time be transferred to the relevant shareholder or any Privileged Relation of the relevant shareholder who has thereby become entitled to the shares proposed to be transferred.

If and whenever any of the Relevant Shares come to be held otherwise than

upon Family Trusts, except in circumstances under the Family Trusts a transfer of the Relevant Shares is authorised to be and is to be made to the person or persons entitled to them, it shall be the duty of the trustees holding such shares to notify the Directors in writing that such event has occurred and the trustees shall be bound, if and when required in writing by the Directors or the F&C Director or the holders of 75 per cent. of the "B" Ordinary Shares to do, to give a Transfer Notice (as defined in Article 15) in respect of the Relevant Shares concerned (but so that the Transfer Notice given (or deemed to be given) shall not be capable of revocation nor may it specify that unless all relevant shares are sold by the Company pursuant to the Transfer Notice, none shall be sold.

12.13 For the purposes of Article 12.11 and 12.12:

12.13.1 the expression "Privileged Relation", as regards any particular individual shareholder, means the husband, wife, mother, father, grandmother, grandfather, brother, sister, child (including adopted children) or other lineal descendant of the individual shareholder;

12.13.2 the expression "Family Trusts", as regards any particular individual shareholder, means a trust (whether arising under a settlement, inter vivos or as testamentary disposition) which does not permit any of the settled property or the income from the settled property to be applied otherwise than for the benefit of that shareholder and/or a Privileged Relation and no power of control over the voting powers conferred by any shares the subject of the trust is capable of being exercised by or subject to the consent of any person other than the trustees or such shareholder or his Privileged Relation;

12.13.3 the expression "the Relevant Shares" means and includes (so far as the same remain for the time being held by the trustees of any Family Trusts) the "A" Ordinary Shares originally transferred to such trustees and any additional Ordinary Shares issued to such trustees by way of capitalisation or required by such trustees in exercise of any right or option granted or arising by virtue of the holding of the Relevant Shares or any of them or the membership confirmed by the Relevant Shares.

12.14 Any "A" Preference Shareholder which is a body corporate may transfer any shares (and/or any interest in shares) to its ultimate parent company or any other body corporate controlled directly or indirectly by it or its ultimate parent company Provided always that the transferee gives an undertaking to the Company that in the event of such body corporate ceasing to be controlled directly or indirectly by the original shareholder or such ultimate parent company immediately prior to it so ceasing such shares shall be transferred to another body corporate so controlled (for which purposes "control" has the same meaning as in section 840 of the Income and Corporation Taxes Act 1988).

13 & 14 **Transfers of "A" Ordinary Shares and "B" Shares**

Except in the case of a transfer or disposal of shares (or interest in shares) expressly authorised by Articles 12 or 18.4 the right to transfer or dispose of any "A" Ordinary Shares (if authorised under Article 12.10 and including any transfer made pursuant to the provisions of Article 15) or the "B" Shares or any interest therein (including but not limited to the charging and mortgaging of any shares) shall be subject to the following restrictions and provisions, namely:

13.1 before transferring or disposing of any "A" Ordinary Shares or "B" Shares any interest in any "A" Ordinary Shares or "B" Shares the person proposing to transfer or dispose of the same ("the Proposing Transferor") shall give a notice in writing (a "Transfer Notice") to the Company that he desires to transfer the same. The Transfer Notice or, in the case of "A" Ordinary Shares transferred in accordance with Article 15, the deemed Transfer Notice, shall constitute the Company his agent for the sale of the shares mentioned in the Transfer Notice (together with all rights then attached to the shares mentioned in the Transfer Notice) ("the Sale Shares") at the Prescribed Price (defined below) in accordance with this Article 13 and subject to Article 14.5, a Transfer Notice shall be revocable;

13.2 if not more than one month before the date ("the Transfer Notice Date") on which the Transfer Notice is given the Proposing Transferor and a majority of the Directors (the F&C Director being part of the majority) shall have agreed in writing a price per share as representing the market value of a share or as being acceptable to the Proposing Transferor and not more than the market value then such price shall be the Prescribed Price (subject to the deduction from such price of any dividend or other distribution declared or made after such agreement and prior to the Transfer Notice Date). Otherwise upon the giving of the Transfer Notice the Directors shall request the auditors of the Company ("the Auditors") to determine and certify the sum per share considered by them to be the market value of the share as at the Transfer Notice Date and the sum per share so determined and certified shall be the Prescribed Price. The Auditors shall act under this Article at the cost and expense of the Company as experts and not as arbitrators and their determination shall be final and binding on all persons concerned and, in the absence of fraud, the Auditors shall be under no liability to any such person by reason of their determination or certificate or by anything done or omitted to be done by the Auditors for the purposes of their determination or certificate or in connection therewith. In calculating market value, no regard is to be had to the fact that the shares concerned constitute a majority or minority or that their transfer is subject to restrictions and the calculation shall be on the basis of a sale between a willing seller and a willing purchaser and in making their calculation the Auditors shall take into account the price per share offered by a bona fide third party for the Sale Shares provided that in circumstances where the Proposing Transferor can demonstrate to the reasonable satisfaction of the Auditors that he has received a bona fide third party offer for the Sale Shares the price per share offered shall be certified by the Auditors as the Prescribed Price;

- 13.3 if the Prescribed Price was agreed as described above prior to the Transfer Notice Date the Prescribed Period shall commence on the Transfer Notice Date. If the Prescribed Price was not so agreed the Prescribed Period shall commence on the date on which the Auditors shall have notified the Directors of their determination of the Prescribed Price (pending which the Directors shall defer the making of the offer mentioned below);
- 13.4 all "B" Shares included in any Transfer Notice given by a "B" Shareholder shall by notice in writing be offered within seven days of the commencement of the Prescribed Period by the Company to all "B" Shareholders (other than the member to whose shares the Transfer Notice relates or any member who has given a current Transfer Notice in respect of any shares or who is bound under these Articles to give a Transfer Notice in respect of his shares or any of them) for purchase at the Prescribed Price on the terms that in case of competition the shares so offered shall be sold to those accepting the offer 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 holdings of "B" Shares. Any offer made under this paragraph shall limit a time (not being less than 21 days nor more than 28 days) within which it must be accepted or in default will lapse. Any shares not accepted by the "B" Shareholders within the period during which the offer is open for acceptance shall be offered to the "A" Ordinary Shareholders (other than any member who has given a current Transfer Notice in respect of any shares or who is bound under these Articles to give a Transfer Notice in respect of his shares or any of them) for purchase at the Prescribed Price on the same terms. For the avoidance of doubt, if a Transfer Notice relates to more than one class of shares (and for the purposes of Article 13.4, the "B" Ordinary Shares and the Preferred Ordinary Shares shall be treated as two separate classes of shares), acceptance of an offer given in terms of this clause must be in the same proportions as regards the shares of the different classes (as nearly as may be without involving fractions or increasing the number sold to any member beyond that applied for

by him) as the proportions the different shares included in the Sale Shares bear to each other.

13.5

13.5.1 on receipt by the Company of a Transfer Notice given (or deemed to be given) by an "A" Ordinary Shareholder, the F&C Director or the holders of 75 per cent of the "B" Ordinary Shares may elect that some or all of the Sale Shares be offered by the Company at the Prescribed Price to:

13.5.1.1 a person or persons replacing in whole or in part and directly or indirectly the Proposing Transferor as an employee and/or director of the Company and/or any of its subsidiaries (if any) Provided that such replacement is found within 3 months of the commencement of the Prescribed Period ("the Three Month Period"); and/or

13.5.1.2 a trust for the benefit of employees of the Company and its subsidiaries (if any) in form satisfactory to F&C Director or the holders of 75 per cent. of the "B" Ordinary Shares.

Any such election shall be made not later than 28 days after the commencement of the Prescribed Period ("the Twenty Eight Day Period") and shall be notified in writing to the other Directors and to the Shareholders. Any offer made pursuant to such election shall be made by the F&C Director or the holders of 75 per cent. of the "B" Ordinary Shares on behalf of the Company not later than a week after the expiry of the Three Month Period. Any offer made under this paragraph 13.5.1 shall limit a time (not being less than 21 days or more than 28 days) within which it must be accepted or in default will lapse;

13.5.2 in this paragraph 13.5.2, the "Remaining Sale Shares" shall mean any Sale Shares included in a Transfer Notice given or deemed to be given by an "A" Ordinary Shareholder and not sold pursuant to paragraph 13.5.1. The Company will make an offer in accordance with this paragraph 13.5.2 in relation to the Remaining Sale Shares (if any) as appropriate:

- 13.5.2.1 within 7 days of the F&C Director or the holders of 75 per cent. of the "B" Ordinary Shares irrevocably notifying the Directors in writing that it does not intend to make an election under paragraph 13.5.1; or
- 13.5.2.2 within 7 days of the expiry of the Twenty Eight Day Period without the F&C Director or the holders of 75 per cent. of the "B" Ordinary Shares making an election under paragraph 13.5.1; or
- 13.5.2.3 if an offer is made pursuant to paragraph 13.5.1 within 7 days of the end of the period for acceptance of the offer; or
- 13.5.2.4 if an election, but no offer, is made not less than 7 days nor more than 14 days after the expiry of the Three Month Period.

Pursuant to such offer, all Remaining Sale Shares shall by notice in writing be offered by the Company to all the "A" Ordinary Shareholders (other than the member to whose shares the Transfer Notice relates or who has given a current Transfer Notice in respect of any shares or who is bound under these Articles to give a Transfer Notice in respect of his shares or any of them and other than any member who has accepted an offer pursuant to paragraph 13.5.1 of shares to which the Transfer Notice relates) for purchase at the Prescribed Price on the terms that in the case of competition the shares so offered shall be sold 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 holdings of "A" Ordinary Shares. Any offer made under this paragraph shall limit a time (not being less than 21 days nor more than 28 days) within which it must be accepted or in default will lapse. Any Remaining Sale Shares not accepted by the "A" Ordinary Shareholders within the period during which the offer is open for acceptance shall be offered to the "B" Ordinary Shareholders for purchase at the Prescribed Price on the same terms as on offer to the "A" Ordinary Shareholders;

13.6 if the Company shall within the said time limits find members ("Purchasers") in accordance with the foregoing provisions to purchase the shares concerned or any of them and give notice in writing of Purchasers to the Proposing Transferor within two weeks of the expiry of such time limits he shall be bound, upon payment of the Prescribed Price, to transfer such shares to the respective Purchasers. Every such notice shall state the name and address of each of the Purchasers and the number of shares agreed to be purchased by him and the purchase shall be completed at a place and time to be appointed by the Directors not being less than three days nor more than ten days after the date of such notice. Provided that except as regards any Transfer Notice given or deemed to be given pursuant to Articles 14 or 15, if the Transfer Notice shall state that the Proposing Transferor is not willing to transfer part only of the shares concerned neither this paragraph nor the following Article 13.7 shall apply unless the Company shall have found Purchasers for the whole of such shares;

13.7 if a Proposing Transferor (having become bound to do so) shall fail or refuse to transfer any shares to a Purchaser under these Articles the Directors may (and will if so requested by the F&C Director or the holders of 75 per cent of the "B" Ordinary Shares) authorise some person to execute and deliver on his behalf the necessary transfer and the Company may receive the purchase money in trust for the Proposing Transferor and cause the Purchaser to be registered as the holder of such shares. 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 of the purchase money) and after the Purchaser has been registered in purported exercise of the powers described above the validity of the proceedings shall not be questioned by any person. The Proposing Transferor shall in such case be bound to deliver up his certificate for the Sale Shares to the Company upon which the Proposing Transferor shall be entitled to receive the purchase price which shall in the meantime be held by the Company on trust for the Proposing Transferor but without

interest. If such certificate shall comprise any shares which the Proposing Transferor has not become bound to transfer as aforesaid the Company shall issue to the Proposing Transferor a certificate for such shares;

13.8 if the Company shall not within the said periods find Purchasers willing to purchase all the shares, the Company shall promptly give notice in writing to the Proposing Transferor and the Proposing Transferor at any time up to the expiration of two months after receipt of such notice shall be at liberty to transfer those shares for which the Company has not found Purchasers to any person on 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 after the Transfer Notice Date and to be retained by the Proposing Transferor). Provided that:

13.8.1 if the Transfer Notice shall state that the Proposing Transferor is not willing to transfer part only of the shares concerned he shall not be entitled to transfer any of such shares unless in aggregate the whole of such shares are so transferred;

13.8.2 the Directors and/or the F&C Director may require to be satisfied that such shares are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance whatsoever to the Purchaser and if not so satisfied may refuse to register the instrument of transfer.

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14.1 No "A" Ordinary Share and no interest in any such share shall be held by any member as a bare nominee or sold or disposed of to any person except in accordance with Articles 12, 13, 14, 15 or 18. If the foregoing provision shall be infringed the holder of such share shall be bound to give a Transfer Notice in respect of those shares unless a majority of the Directors (such majority to include the F&C Director) resolve otherwise.

- 14.2 A person entitled to a share in consequence of the bankruptcy of a member shall be bound at any time, if and when required in writing by a majority of the Directors (such majority to include the F&C Director) so to do, to give a Transfer Notice in respect of such shares.
- 14.3 For the purpose of ensuring that a transfer of shares is in accordance with these Articles or that no circumstances have arisen whereby a Transfer Notice is required to be given the Directors may from time to time require any member or the legal personal representatives of any deceased member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the Directors (including the F&C Director) may reasonably think fit regarding any matter which they (including the F&C Director) may deem relevant to such purpose. Failing such information or evidence being furnished to the reasonable satisfaction of the Directors within a reasonable time after request the Directors by majority decision (such majority to include the F&C Director) shall be entitled to refuse to register the transfer in question or (in case no transfer is in question) to require by notice in writing that a Transfer Notice be given in respect of the shares concerned. If such information or evidence discloses that a Transfer Notice ought to have been given in respect of any shares the Directors by majority decision (such majority to include the F&C Director) may by notice in writing require that a Transfer Notice be given in respect of the shares concerned.
- 14.4 In any case where a Transfer Notice is required to be given in respect of any shares and such Transfer Notice is not duly given within a period of one week after the relevant shareholder has been given notice of the requirement such Transfer Notice shall (except and to the extent that a Permitted Transfer of any of such shares shall have been lodged) be deemed to have been given at the expiry of the said period and the provisions of the Articles relating to Transfer Notices shall take effect accordingly.

14.5 A Transfer Notice given (or deemed to be given) pursuant to Articles 14 or 15 shall not be capable of revocation (other than by the F&C Director or the holders of 75 per cent of the "B" Ordinary Shares by notice in writing to all the Shareholders) nor may it specify that unless all relevant shares are sold by the Company pursuant to the Transfer Notice, none shall be so sold.

15 **Deemed transfer notice**

15.1 In any case where an "A" Ordinary Shareholder ceases (for whatever reason) to be either a director or employee of the Company or any of its subsidiaries (and is not continuing as either a director or employee of the Company or of any subsidiary of the Company, as the case may be) he (together with any person to whom "A" Ordinary Shares have been transferred pursuant to Article 12) shall be deemed to have served a Transfer Notice pursuant to Article 13 above in respect of his entire holding of "A" Ordinary Shares (including any shares deemed to be held for or by him or transferred pursuant to Article 12) and the provisions of Article 13 shall apply, subject to Article 15.2, in relation to the Transfer Notice. For the purposes of this Article the Transfer Notice Date shall be such date as shall be specified by the F&C Director or the holders of 75 per cent. of the "B" Ordinary Shares.

15.2 In circumstances where Article 15.1 applies the Prescribed Price in respect of all the shares to be sold shall be determined by reference to the date on which the "A" Ordinary Shareholder ceases to be either a director or an employee of the Company or any of its subsidiaries (and is not continuing as either a director or employee of the Company or any subsidiary) but taking account of the prospects of the Company as at that date as follows:

Date of Cessation of directorship or employment	Terms
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On or before 31 May
1997

the lower of the paid up
value and the Prescribed
Price (determined in
accordance with Article 13)

After 31 May 1997 but
on or before 31 May
1998

two thirds at the lower of
paid up value and the
Prescribed Price (determined
in accordance with Article
13) and one third at the
Prescribed Price (so
determined)

After 31 May 1998 but
on or before 31 May
1999

one third at the lower of
paid up value and the
Prescribed Price (determined
in accordance with Article
13) and two thirds at the
Prescribed Price (so
determined)

After 31 May 1999

the Prescribed Price
(determined in accordance
with Article 13)

16 **Conversion on transfer or issue of "A" Ordinary Shares and "B" Ordinary Shares**

16.1 Any "A" Ordinary Share transferred to a "B" Ordinary Shareholder shall (without further authority than is contained in these Articles being necessary) forthwith on the transfer or issue of the same be deemed to have been converted into a "B" Ordinary Share having all the rights, privileges and restrictions attaching to the "B" Ordinary Shares.

16.2 Any "B" Ordinary Share transferred or issued to an "A" Ordinary Shareholder shall (without further authority than is contained in this Article being necessary) forthwith on the transfer or issue of the same be deemed to have been converted into an "A" Ordinary Share having all the rights, privileges and restrictions attaching to the "A" Ordinary Shares.

17 **Transfer of "A" Preference Shares and "B" Preference Shares**

17.1 Notwithstanding the provisions of this Article 17 no transfers of the "A" Preference Shares shall be made prior to 31 May 1998.

17.2 Except in the case of a transfer or disposal of "A" Preference Shares (or interest in "A" Preference Shares) expressly authorised by Article 12.14, the right to transfer or dispose of any "A" Preference Shares or any interest therein (including but not limited to the charging and mortgaging of any such shares) shall be subject to the following restrictions and provisions, namely:

17.2.1 before transferring or disposing of any "A" Preference Shares or any interest in any "A" Preference Shares the person proposing to transfer or dispose of the same ("the Proposing Transferor") shall give a notice in writing (a "Transfer Notice") to the Company that he desires to transfer the same. The Transfer Notice shall constitute the Company his agent for the sale of the shares mentioned in the Transfer Notice (together with all rights then attached to the shares mentioned in the Transfer Notice) ("the Sale Shares") at a price per share equal to the paid up value of the "A" Preference Shares (the Prescribed Price) in accordance with this Article 17.2. A Transfer Notice shall not be revocable except with the consent of the F&C Director or the holders of 75 per cent. of the "B" Ordinary Shares;

17.2.2 the Prescribed Period shall commence on the Transfer Notice Date;

17.2.3 all "A" Preference Shares included in any Transfer Notice given by an "A" Preference Shareholder shall by notice in writing be offered within seven days of the commencement of the Prescribed Period by the Company to all "B" Preference Shareholders (other than any member who has given a current Transfer Notice in respect of any shares) for purchase at the Prescribed Price on the terms that in case of competition the shares so offered shall be sold to those accepting the offer 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

holdings of "B" Preference Shares. Any offer made under this paragraph shall limit a time (not being less than 21 days nor more than 28 days) within which it must be accepted or in default will lapse.

- 17.2.4 if the Company shall within the said time limits find members ("Purchasers") in accordance with the foregoing provisions to purchase the shares concerned or any of them and give notice in writing of Purchasers to the Proposing Transferor within two weeks of the expiry of such time limits he shall be bound, upon payment of the Prescribed Price, to transfer such shares to the respective Purchasers. Every such notice shall state the name and address of each of the Purchasers and the number of shares agreed to be purchased by him and the purchase shall be completed at a place and time to be appointed by the Directors not being less than three days nor more than ten days after the date of such notice. Provided that if the Transfer Notice shall state that the Proposing Transferor is not willing to transfer part only of the shares concerned neither this paragraph nor the following Article 17.2.5 shall apply unless the Company shall have found Purchasers for the whole of such shares;
- 17.2.5 if a Proposing Transferor (having become bound to do so) shall fail or refuse to transfer any shares to a Purchaser under these Articles the Directors may (and will if so requested by the F&C Director or the holders of 75 per cent of the "B" Ordinary Shares) authorise some person to execute and deliver on his behalf the necessary transfer and the Company may receive the purchase money in trust for the Proposing Transferor and cause the Purchaser to be registered as the holder of such shares. 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 of the purchase money) and after the Purchaser has been registered in purported exercise of the powers described above the validity of the proceedings shall not be questioned by any person. The Proposing Transferor shall in such case be bound to deliver up his certificate for the Sale Shares to the Company

upon which the Proposing Transferor shall be entitled to receive the purchase price which shall in the meantime be held by the Company on trust for the Proposing Transferor but without interest. If such certificate shall comprise any shares which the Proposing Transferor has not become bound to transfer as aforesaid the Company shall issue to the Proposing Transferor a certificate for such shares;

17.2.6 if the Company shall not within the said periods find Purchasers willing to purchase all the shares, the Company shall promptly give notice in writing to the Proposing Transferor and the Proposing Transferor at any time up to the expiration of two months after receipt of such notice shall be at liberty to transfer those shares for which the Company has not found Purchasers to any person on a bona fide sale at any price not being less than the Prescribed Price Provided that:

- (a) if the Transfer Notice shall state that the Proposing Transferor is not willing to transfer part only of the shares concerned he shall not be entitled to transfer any of such shares unless in aggregate the whole of such shares are so transferred;
- (b) the Directors and the F&C Director or, if there is no F&C Director, the holders of 75% of the "B" Ordinary Shares may require to be satisfied that such shares are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance whatsoever to the Purchaser and if not so satisfied may refuse to register the instrument of transfer;
- (c) the Directors and the F&C Director or, if there is no F&C Director, the holders of 75% of the "B" Ordinary Shares may refuse to register the instrument of transfer if, in the reasonable opinion of the F&C Director or the holders of 75% of "B" Ordinary Shares, the transfer would be prejudicial to the interests of the Company having regard to the identity of the proposed transferee and the rights attaching to the "A" Preference Shares.

17.3 Until the redemption in full of the "A" Preference Shares held by WHS together with payment of any interest payable thereon the "B" Preference Shares may only be transferred in accordance with the provisions of Article 12 or with the consent of the WHS Director (such consent not to be unreasonably withheld).

18 **Transfers changing control**

18.1 Notwithstanding anything in these Articles no sale or transfer of any "A" Ordinary Shares, "B" Ordinary Shares or Preferred Ordinary Shares to any person which would result if made and registered in a person whether or not then a member of the Company obtaining or increasing a Controlling Interest in the Company (the "Specified Shares") shall be made or registered without the previous written consent of the holders of not less than 95 per cent. of the equity share capital unless:

18.1.1 before the transfer is lodged for registration the proposed transferee or his nominee has obtained the written consent of the holders of not less than 75 per cent. of the "B" Ordinary Shares to the making of an offer on the terms set out below and has made an offer (stipulated to be open for acceptance for at least twenty-one days) to purchase:

18.1.1.1 all the "A" Ordinary Shares, the "B" Ordinary Shares and the Preferred Ordinary Shares at the Specified Price (as defined below) together with any arrears of the Minimum Dividend;

18.1.1.2 the "A" Preference Shares and the "B" Preference Shares at par plus in relation to the "A" Preference Shares any accruals of interest payable thereon and in relation to the "B" Preference Shares an amount equal to any arrears or accruals of the Preference Dividend together with any accruals of interest thereon; and

18.1.1.3 the Loan Stock at par and an amount equal to any interest on the Loan Stock

which offer every offeree shall be bound within twenty-eight days of the making of such offer to him either to accept or reject in writing (and in default of so doing shall be deemed to have rejected the offer);

18.1.2 before the transfer is registered each such accepted offer is completed and the consideration thereunder paid (subject only to registration of the transfer in respect of the Specified Shares) except insofar as failure to complete is due to the fault of the offeree.

Provided that the provisions of this Article 18.1 shall not apply to the acquisition of shares by any member of the Defined Group or pursuant to Article 12 provided that in the event that the purchaser ceases to be a member of the Defined Group the shares shall be transferred back to a member of the Defined Group.

18.2 For the purpose of this Article:

18.2.1 the expressions "transfer", "transferor" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment, the original allottee and the renouncee under any such letter of allotment; and

18.2.2 the "Specified Price" shall mean a price per share at least pari passu with that offered or paid or payable by the proposed transferee or transferees or his or their nominees for the Specified Shares to the holders of the Specified Shares plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the Specified Shares which, having regard to the substance of the transaction as a whole, can fairly and reasonably be regarded as an addition to the price paid or payable for the Specified Shares. In the event of disagreement the calculation of the Specified Price

shall be referred to an umpire (acting as expert and not as arbitrator) nominated by and acting at the joint expense of the parties concerned (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales at the request of any of the parties concerned) whose decision shall be final and binding.

- 18.3 Any transfer of the Specified Shares as is referred to in Article 18.1 is also subject to the provisions of Article 13 but any offer pursuant to Article 18.1 to purchase the balance of the issued shares of the Company shall not be subject to Article 13.
- 18.4 18.4.1 If at any time after the date of adoption of these Articles an offer is made (treating each "A" Ordinary Share, "B" Ordinary Share and Preferred Ordinary Share of equal value) by a bona fide third party for the whole of the issued share capital of the Company on the terms referred to in Article 18.1 (a "Qualifying Offer") and accepted by the holders of 75 per cent. or more of the "B" Ordinary Shares, the holders of all classes of shares in the Company who have not accepted the Qualifying Offer shall be obliged to accept the Qualifying Offer in respect of the shares held by them and to sell all of the shares held by them in accordance with such Qualifying Offer and the pre-emption rights set out in Articles 11, 12, 13 and 17 shall not apply to any transfer required to be made under this Article.
- 18.4.2 If any person (a "Compulsory Transferor") fails to transfer any shares in accordance with Article 18.4.1 the directors may (and will if so requested by F&C Director or the holders of 75 per cent. of the "B" Ordinary Shares) authorise any person to execute and deliver on his behalf the necessary stock transfer form and the Company shall receive the purchase money in

trust for the Compulsory Transferor and cause the purchaser to be registered as the holder of such shares (subject to payment of any stamp duty). 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 of the purchase money). The Compulsory Transferor shall in such case be bound to deliver up his certificate for such shares to the Company whereupon he shall be entitled to receive the purchase price without interest.

19 **General meetings**

19.1 Regulation 62 of Table A shall be modified by the substitution in paragraph (a) of the words "one hour" in place of "48 hours" and by the substitution in paragraph (b) of the words "one hour" in place of "24 hours".

19.2 If a meeting is adjourned under Regulation 41 of Table A because a quorum is not present, and at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the shareholders present shall form a quorum, and Regulation 41 of Table A shall be modified accordingly.

20 **Polls**

A poll may be demanded by the Chairman or by any shareholder present in person or by proxy and having the right to vote at the meeting and Regulation 46(b) of Table A shall be modified accordingly.

21 **Directors' borrowing powers**

The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital and to issue debentures, debenture stock and other securities as security for any debt, liability or obligation of the Company any third party.

22 **Directors**

- 22.1 Unless otherwise determined by special resolution the number of Directors (other than alternate directors) shall be not less than two. There will be no maximum number of Directors.
- 22.2 A Director shall not retire by rotation and a Director appointed to fill a casual vacancy or as an addition to the Board shall not retire from office at the Annual General Meeting next following his appointment. Regulations 78 and 79 of Table A shall be modified accordingly.
- 22.3 The office of Director shall be vacated if the Director in the reasonable opinion of all his co-directors becomes incapable by reason of mental disorder of discharging his duties as Director, and Regulation 81 of Table A shall be modified accordingly. In addition, the office of Director shall be vacated if (other than in the case of the F&C Director) he is removed from office by notice signed by all his co-directors and addressed to him at his last known address but without prejudice to any rights such director may have under his contract of employment.

23 **F&C Director and Chairman**

- 23.1 For as long as they hold any Ordinary Shares the Subscribers, together shall be entitled to appoint and remove one director to the Board. Such appointment or removal shall be made by notice in writing signed by each Subscriber served upon the Company at its registered office. The F&C Director shall be entitled to appoint any person willing to act, whether or not he is a Director, to be his alternate director and such person need not be approved by resolution of the Directors and regulation 65 of Table A shall be modified accordingly.
- 23.2 For as long as they hold Ordinary Shares the Subscribers shall be entitled to send a representative to attend, to speak at, but not vote at, any Board meeting.
- 23.3 The Subscribers shall be entitled to appoint and remove a further Director of the Company ("the Chairman") to act as non-executive Chairman of the Company. Prior to such appointment the Subscribers shall consult with the Directors on the identity of

the proposed Chairman but in the event of any disagreement the decision of the Subscribers will prevail. The Chairman shall be entitled to receive an annual fee of such amount (plus VAT) as shall be notified by the Subscribers to the Company from time to time.

23.4 In the case of an equality of votes or otherwise the Chairman shall have a second and casting vote.

23.5 The F&C Director (and any alternate Director appointed by him), the F&C Representative appointed pursuant to Article 23.2 and the Subscribers may disclose such information in relation to the business and affairs of the Company and its subsidiary companies (if any) as he may in his absolute discretion determine to any "B" Shareholder or to any other person.

24 **WHS Director**

24.1 For as long as any "A" Preference Shares remain in issue WHS shall be entitled to appoint and remove a WHS Director to the Board. Immediately on the final redemption of the "A" Preference Shares the WHS Director shall automatically cease to be a director of the Company.

24.2 The WHS Director shall be entitled to appoint a person willing to act, whether or not he is a Director, to be his alternate director and such person need not be approved by resolution of the Directors and regulation 65 of Table A shall be modified accordingly.

24.3 The WHS Director (and any alternate Director appointed by him) may disclose such information in relation to the business and affairs of the Company and its subsidiaries (if any) as he may in his absolute discretion determine to:

- (a) any member of the WHS Group;
- (b) the legal, financial or technical advisers of any member of the WHS Group; and
- (c) a third party for the purposes of a bona fide sale of the "A" Preference Shares provided that the Directors and the F&C Director or, where there is no F&C Director, the holders of 75% of the "B" Ordinary Shares are notified of the

proposed sale prior to any disclosure and the F&C Director or, where there is no F&C Director, the holders of 75% of the "B" Ordinary Shares shall be entitled to refuse consent to such disclosure if, in the reasonable opinion of the F&C Director or, where there is no F&C Director, the holders of 75% of the "B" Ordinary Shares, the proposed sale would be prejudicial to the interests of the Company having regard to the identity of the proposed transferee and the rights attaching to the "A" Preference Shares;

provided that prior to disclosure of any information pursuant to this Article 24.3, the person to whom such information is to be disclosed shall enter into a confidentiality undertaking in favour of the Company (in such form as the F&C Director or, where there is no F&C Director, the holders of 75% of the "B" Ordinary Shares, shall reasonably require) to keep all such information confidential

25 **Board meetings**

- 25.1 Meetings of the Directors shall take place no less frequently than once every three calendar months and at least seven clear working days notice of each meeting shall be given to each Director provided that if a majority in number of the Directors agree to less frequent meetings and/or to a shorter period of notice then board meetings may be called less frequently and/or on such agreed shorter period of notice provided further than such majority so agreeing must include the F&C Director (if any). All board meetings shall take place in the United Kingdom except with such agreement as aforesaid.
- 25.2 To the extent that the Board appoints a duly authorised committee such committee must include the WHS Director (if any).
- 25.3 Any Director or his alternate may participate in a meeting of the Directors or a committee of the Directors by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other.

Participating in any such meeting in this manner shall be deemed to constitute presence at the meeting.

- 25.4 Without prejudice to the obligation of any Director to disclose his interest in accordance with section 317 of the Act, a Director may vote at a meeting of Directors or of a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty and if he does so vote his vote shall be counted and he shall be counted in the quorum present at a meeting in relation to any such resolution.

26 **Indemnity**

- 26.1 Subject to the provisions of the Act, but without prejudice to any indemnity to which he may otherwise be entitled, every director, alternate director, secretary, auditor or other officer of the Company shall be indemnified out of the assets of the Company against all losses, liabilities and costs which he may incur in the execution of his duties or the exercise of his powers, authorities and discretions including a liability incurred in defending any proceedings (whether civil or criminal) which relate to anything done or omitted or alleged to have been done or omitted by him as an officer of the Company in which judgment is given in his favour or in which he is acquitted or which otherwise end without a finding or admission of material breach of duty on his part or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

- 26.2 The Directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is an officer or employee, or former officer or employee, of the Company or of a company which is a subsidiary of the Company or in which the Company has an interest (whether direct or indirect), or who is or was trustee of a retirements benefits scheme or another trust in which an officer or employee or former

officer or employee is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or any liability which may lawfully be insured against by the Company.