

COPY RESOLUTIONS FOR FILING AT COMPANIES REGISTRY

Number of Company: 3226333

The Companies Act 1985

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

of

DUNLOP AIRCRAFT TYRES LIMITED

Passed on *18th October* 1996

AT an EXTRAORDINARY GENERAL MEETING of the above-named Company duly convened and held at 55 Colmore Row, Birmingham, B3 2AS on *18th October* 1996 the following Resolution was passed as a SPECIAL RESOLUTION:

SPECIAL RESOLUTION

"THAT the grant of an option to 3i Group plc ("3i") to subscribe for up to 190,218 'A' ordinary shares of £1 each in the Company/or such larger number as represents up to 20% of the issued equity share capital of the Company after such subscription on the terms set out in an agreement to be entered into between the Company and 3i (a copy of which has been produced to this meeting) be and is hereby approved."



Chairman



DATED 15 October 1996

DUNLOP AIRCRAFT TYRES LIMITED (1)

and

ANDREW REX MILNER (2)

OPTION AGREEMENT

Wragge & Co

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THIS AGREEMENT is made on 1st October 1996

BETWEEN:

- (1) **DUNLOP AIRCRAFT TYRES LIMITED** (registered in England and Wales No. 3226333) whose registered office is at 55 Colmore Row Birmingham B 3 2AS ("the Company") and
- (2) **ANDREW REX MILNER** of 4, Pinley Barns, Claverdon, Warwickshire CV35 8NB ("the Executive").

IT IS HEREBY AGREED AS FOLLOWS:

1 Interpretation

- 1.1 In this Agreement the following expressions shall unless the context otherwise requires have the meanings respectively ascribed to them:

"**Actual PBIT**" means, in relation to each financial year ending on 31st December 1997, 1998, 1999 and 2000, the profit before interest and tax disclosed by the audited accounts of the Company for that financial year (consolidated with its subsidiaries, if any) adding back the amount (if any) of any amortisation charged in such audited accounts in respect of goodwill and other intangibles, all as determined, in the event of disagreement, by the Auditors;

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

"**the 3i Option**" means the option to subscribe for "A" ordinary shares of £1 each in the capital of the Company intended to be granted pursuant to a proposed Option Agreement between the Company (1) Rene Charvillat (2) Nordroy Limited (3) Socavia S.A. (4) and 3i Group PLC (5) intended to be entered into on the date of this Agreement;

"**the Option**" means the option to subscribe granted by the Company to the Executive pursuant to clause 2;

"**Ordinary Shares**" means Ordinary Shares of £1 each in the capital of the Company (or such other Shares as they may from time to time be consolidated or subdivided into) but does not include "A" Ordinary Shares in the capital of the Company;

"**Shares**" means shares in the capital of the Company;

"**Target PBIT**" means, in relation to the financial years ending on the respective dates identified below, the amounts respectively set opposite such dates:

period from incorporation to 31st December 1997:	£1,927,000
year ending 31st December 1998:	£1,614,000
year ending 31st December 1999:	£2,511,000

year ending 31st December 2000:

£2,631,000;

"Triggering Event" means any of:

- (a) a sale of the whole of the issued share capital of the Company;
- (b) admission to listing of (or permission being granted to deal in) the ordinary share capital of the Company on or under the rules of any recognised investment exchange (as defined in Section 207 Financial Services Act 1986); or
- (c) the sale by the Company of all or substantially all of its assets or undertaking to a third party not connected (within the meaning of Section 839 Income and Corporation Taxes Act 1988) with the Company.

- 1.2 In this Agreement, any references to any provision of any Act of Parliament or of any subordinate legislation made pursuant thereto shall be deemed to be references to such Act of Parliament or subordinate legislation as amended, modified or re-enacted (whether before or after the date hereof) and any references to any provision of any such Act or legislation also include any provision of which it is a re-enactment (whether with or without modification) and any provision in repealed enactments.
- 1.3 In this Agreement, words denoting the masculine gender shall include the feminine and neuter genders and the singular number shall include the plural and vice versa and references to persons shall include corporations.
- 1.4 Words and expressions defined in or for the purposes of the Companies Act 1985 shall unless the context requires otherwise bear the same meanings in this Agreement.
- 1.5 The clause headings shall not affect the construction of this Agreement.
- 1.6 References to the Executive shall include, where the context requires, his personal representative(s).
- 1.7 In this Agreement, references to clauses are to clauses in this Agreement.

2 Grant of the Option

- 2.1 In consideration of the sum of £1 (receipt of which is hereby acknowledged by the Company) and subject as herein provided the Company hereby grants to the Executive an option to subscribe for and be allotted, credited as fully paid, such number of Ordinary Shares as represents immediately after such subscription and allotment 8% of the then issued equity share capital of the Company as enlarged by such allotment (ignoring, for these purposes, for the purposes of clause 4 and for the purpose of calculating the number of Shares to be issued on any exercise of the Option:

- (a) any Shares previously issued;

- (b) any Shares to be issued contemporaneously with such issue; and
- (c) any Shares which might fall to be issued subsequent to such issue

in each case under the terms of the 3i Option).

- 2.2 Subject to clause 5, the subscription price of each Share issued on exercise of the Option shall be the par value thereof.

3 Exercise of the Option

- 3.1 The Option may be exercised only once and only to the extent that the Option has vested (as provided in clause 4) on or before the date of such exercise.
- 3.2 The Company shall notify the Executive of the expected occurrence of a Triggering Event as soon as reasonably possible prior to the occurrence thereof and shall give to the Executive such information in relation thereto as the Executive may reasonably require in order to make an informed assessment as to whether or not to exercise the Option. The Executive may give notice exercising the Option at any time on or prior to the occurrence of a Triggering Event, but any notice so given shall (whether or not so expressed) be conditional upon the occurrence of such Triggering Event.
- 3.3 Upon occurrence of the Triggering Event on or after service of such notice, the exercise of the Option shall (to the extent the Option has vested) become unconditional and the Executive shall forthwith thereupon be obliged to pay to the Company in cleared funds the sum due (time being of the essence in relation to such obligation) and, against such payment, the Company shall be obliged to allot and issue to the Executive the Shares falling to be issued upon exercise of the Option.
- 3.4 The Shares issued to the Executive pursuant to the Option shall rank pari passu in all respects with the Ordinary Shares of the Company then in issue and shall carry the right to share in all dividends declared or other distributions made by the Company in respect of the Ordinary Shares on or after or by reference to a record date falling on or after the date on which the Shares are issued pursuant to the exercise of the Option.

4 Vesting of the Option

- 4.1 The provisions of this clause 4 shall apply to determine the extent to which the Option has vested (and therefore become potentially exercisable) on any particular date.
- 4.2 Subject to clauses 4.4 and 4.5, of the 8% referred to in clause 2.1, 1% shall automatically vest upon the audited annual accounts of the Company for each of the financial years ending on 31st December 1997, 1998, 1999 and 2000 becoming available.
- 4.3 Subject to clauses 4.4 and 4.5, the remaining 4% of the 8% referred to in clause 2.1 may vest on the basis set out in this clause 4.3, dependent upon the PBIT of the

Company disclosed by the audited annual accounts in relation to the financial years referred to in clause 4.2. In relation to each such financial year, a further percentage shall vest calculated as follows:

- (a) if Actual PBIT shall be 95 % (or less) of Target PBIT for the relevant financial year: nil;
- (b) if Actual PBIT shall be more than 95 % of Target PBIT but no more than Target PBIT, such percentage as is calculated pursuant to the following formula:

$$\frac{X-Y}{Z}$$

where X = the Actual PBIT for the financial year in question;

Y = 95 % of the Target PBIT for the financial year in question; and

Z = 5 % of the Target PBIT for the financial year in question.

- (c) if Actual PBIT shall exceed Target PBIT, such percentage, not exceeding 1.2%, as shall be calculated by reference to the following formula:

$$\frac{[(A - B) \times 0.2]}{C} + 1$$

where A = the Actual PBIT for the financial year in question;

B = the Target PBIT for the financial year in question; and

C = 5 % of B;

provided that the maximum aggregate percentage which may vest pursuant to this clause 4.3 in relation to the four financial years ending on 31st December 1997, 1998, 1999 and 2000 shall not exceed 4%.

- 4.4 No vesting shall occur under this clause 4 by reference to any audited annual accounts of the Company if, at the time of approval of such accounts by the Directors of the Company, the Executive is not an employee of the Company, or if at such time notice has been given by the Executive or the Company to terminate the Executive's employment with the Company.
- 4.5 For the avoidance of doubt, no vesting shall occur under this clause 4 at any time after any event has occurred which causes the Option to lapse.
- 4.6 Any calculation of the number of Shares the subject of the Option or of any vesting or exercise thereof shall be rounded down to the nearest whole number, and fractions of a Share shall not be allotted.

5 Adjustment of the Option

- 5.1 In the event of a bonus issue, consolidation, subdivision or capital reduction affecting the issued share capital of the Company following the grant of the Option, the number of Shares to be issued and the price per Share to be paid on exercise thereof shall be adjusted, subject to the Companies Act 1985, in such manner as the Auditors may determine to be in their opinion fair and reasonable to take account of such event.

6 Lapse of Option

6.1 The Option shall automatically lapse and cease to be exercisable on the happening of any of the the following events:

- (a) the actual or constructive dismissal of the Executive from his employment with the Company, unless it is agreed or finally established by a court or tribunal of competent jurisdiction that such dismissal was unfair (within the meaning of the Employment Rights Act 1996), provided that if the Executive is dismissed by reason of redundancy the Option shall not lapse as a result, whether such dismissal be fair or unfair;
- (b) if the Executive does or suffers any thing as a result of which he ceases to hold the full legal and beneficial title to the Option, and in particular if he assigns or purports to assign the Option or any interest therein or right or asset arising therefrom or creates or purports to create any mortgage, charge, equitable interest or other encumbrance over the Option or any interest therein or any right or asset arising therefrom (provided that the death of the Executive shall not cause the Option to lapse);
- (c) if the Executive fails to exercise the Option upon becoming entitled to do so on or before the occurrence of a Triggering Event;
- (d) if the Executive shall commit any act of bankruptcy or shall be adjudged bankrupt or shall enter into any composition for the benefit of his creditors or any individual voluntary arrangement or shall fail to discharge in full within 14 days any judgment or order of any court or tribunal of competent jurisdiction for the payment of money by him; or
- (e) if the Company shall have a receiver or administrative receiver appointed in respect of any part of its assets and undertaking or shall be put into insolvent liquidation.

6.2 If the Option shall not have vested in full at the time it is exercised, then upon exercise of the Option any part thereof which has not vested in accordance with clause 4 shall automatically lapse.

7 Sale or Flotation

7.1 If the Option is exercised:

- (a) as a result of a sale of the entire issued share capital of the Company, the Executive shall be obliged to dispose of the Shares arising on exercise in the sale on terms substantially equivalent to the terms on which other Ordinary Shares are being sold in the sale;
- (b) as a result of a flotation (as referred to in paragraph (b) of the definition of "Triggering Event") then the Executive shall, if so required by the Company,

enter into a legally binding commitment, in such form as the Company may reasonably require, to retain such proportion of his Shares for such period as the Company may be advised is reasonable by its sponsor or other professional adviser in the flotation.

8 Auditors determination

- 8.1 In determining any matter referred to them pursuant to the terms of this Agreement, the Auditors shall act as experts and not as arbitrators, and they may follow such procedure as they consider appropriate in making such determination. Their determination on all matters shall be final and binding on the parties (save in case of manifest error).

9 Loss of employment

- 9.1 If the Executive ceases to be an employee of the Company for any reason he shall not be entitled, and he hereby specifically confirms that he irrevocably waives any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for the loss of any rights under this Agreement (including, without limitation, the lapse or non-vesting of the Option or any part thereof).

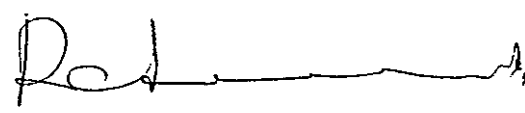
10 Notices

- 10.1 Any notice given under this Agreement, whether for the purpose of exercising the Option or otherwise, shall be in writing and may be delivered by hand or sent by first class prepaid post to the registered office or the last known residential address for the time being of the party to be served.
- 10.2 Any notice given by hand shall be deemed to be duly served immediately upon its delivery at the relevant address and a notice sent by post shall be deemed (unless the contrary can be established) to be delivered and therefore to be duly served forty eight hours after the same is posted.

IN WITNESS WHEREOF this Agreement has been executed in manner hereinafter appearing on the date first above written.


SIGNED by
duly authorised for and on behalf
of DUNLOP AIRCRAFT TYRES
LIMITED in the presence of:

L. Duffy.
L. DUFFY.

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)

SIGNED by the said ANDREW REX
MILNER in the presence of:

L. Duffy.
L. DUFFY.

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