

Certified to be a true copy

M. Morris
secretary

26 Oct. 2007.
dated

Company Number 05909105

The Companies Act 1985

Company limited by shares

Written resolution

of

MITIE Security Holdings Limited (the "Company")

(passed on 4 October 2007)

WE, being the sole member of the Company who is entitled to receive notice of and to attend and vote at a general meeting of the Company, HEREBY PASS THE FOLLOWING RESOLUTION IN WRITING, which would otherwise be passed as special resolution of the Company

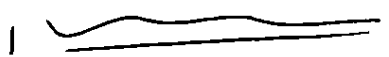
That the draft regulations, a copy of which are annexed to this written resolution and signed by a director of the Company for the purposes of identification, be and they are adopted (the "New Articles of Association") by the Company in substitution for its existing articles of association

That the capital of the Company be increased from £22,000,000 to £22,045,000 by the creation of 3,000,000 C Ordinary shares of £0.01 each and 1,500,000 B Ordinary Shares of £0.01 each all having the rights and restrictions as set out in the draft regulations to be adopted as the new Articles of Association of the Company

That, consent having been given by MITIE Facilities Services Limited, the 22,000,000 ordinary shares of £1 each in the capital of the Company and the 11,121,496 issued ordinary shares of £1 each in the capital of the Company held by MITIE Facilities Services Ltd be and are hereby re-designated as 'A' ordinary shares of £1 each, each having the rights and restrictions as set down in the New Articles of Association

That the directors be and they are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to exercise any power of the Company to allot and grant rights to subscribe for or to convert securities into shares of the Company up to a maximum nominal amount equal to the nominal amount of the authorised but unissued share capital at the date of the passing of this resolution. Provided that the authority hereby given shall expire 5 years after the passing of this resolution unless previously renewed or varied save that the directors may, notwithstanding such expiry, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company before the expiry of this authority

Signed


Authorised signatory for
and on behalf of
MITIE Facilities Services Limited

Date 4 October 2007

SATURDAY



A14 *ADKLQU5H* 72
27/10/2007
COMPANIES HOUSE

Certified to be a true copy


secretary

26.09.07.
dated

Company no. 05909105

The Companies Act 2006

Private company limited by shares

Written resolution

of

MITIE Security Holdings Limited

4 October 2007 (the "Circulation Date")


Pursuant to Chapter 2 of Part 13 of the Companies Act 2006, the directors of MITIE Security Holdings Limited (the "**Company**") propose that the resolution below is passed as a special resolution (the "**Special Resolution**")

Special Resolution.

That the draft regulations, a copy of which are annexed to this written resolution and signed by a director of the Company for the purposes of identification, be and they are adopted by the Company in substitution for its existing articles of association

Important: Please read the notes at the end of this document before signifying your agreement to the Special Resolution.

The undersigned, being a person entitled to vote on the resolution on the Circulation Date (see Note 4), hereby irrevocably agree to the Special Resolution


duly authorised signatory
for and on behalf of
MITIE Facilities Services Limited

Number of ordinary shares 11,121,496

Date 4 October 2007

Notes

1. If you agree to the resolution, please indicate your agreement by signing and dating this document where indicated above and returning it to the Company using one of the following methods
 - By hand (by delivering the signed copy to MITIE Security Holdings Limited, 8 Monarch Court, The Brooms, Emerson's Green, Bristol BS16 7FH marked for the attention of Richard Allan)
 - By post (by returning the signed copy to MITIE Security Holdings Limited, 8 Monarch Court, The Brooms, Emerson's Green, Bristol BS16 7FH marked for the attention of Richard Allan)
 - By fax (by faxing a signed copy to 0117 302 6743 marked for the attention of Richard Allan)

Or

 - By email (by attaching a scanned copy of the signed document to an email and sending it to richard.allan@mitie.co.uk) Please enter "Written resolutions circulated on 4 October 2007" in the email subject box
2. **The resolution will lapse if sufficient votes in favour of it have not been received by 11 a.m. on 1 November 2007.** Unless you do not wish to vote on the resolution, please ensure that your agreement reached the Company on or before this date and time. If the Company has not received this document from you by then you will be deemed to have voted against the resolution.
3. Once you have signified your agreement to the resolutions such agreement cannot be revoked.
4. In the case of joint holders of shares, only the vote of the holder whose name appears first in the register of members of the Company in respect of such joint holding will be counted by the Company to the exclusion of the other joint holder(s).
5. If you are signing this document on behalf of a person under a power of attorney or other authority please send a copy of the relevant power of attorney or authority when returning this document.

Certified to be a true copy

M. Jones
secretary

26 Oct 07
dated

Company No 05909105

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

MITIE SECURITY HOLDINGS LIMITED

(Adopted by Written Resolution passed on 4 October 2007)

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THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

MITIE SECURITY HOLDINGS LIMITED

(Adopted by Written Resolution passed on

4 October 2007)

1. PRELIMINARY

1 1 In these Articles

"A Shareholder"	means a holder of A Shares and "A Shareholders" shall be construed accordingly,
"A Shares"	means "A" ordinary shares of £1 each in the Company,
"Articles"	means these articles of association, as from time to time altered,
"Average Excess Borrowing"	means the amount of the Borrowing averaged over those 28 days in any 60 day period when its Borrowing is most in excess of the Borrowing Limit,
"Book Debt"	means any amount deemed to be recoverable from a customer and to which a value has been attributed in the last audited accounts (and, for the avoidance of doubt, shall include, but not be limited to, invoiced receivables, applications for payment and contract retentions), in each case net of any provision relating thereto made in the last audited accounts of the relevant Security Company,
"Borrowing"	means the amount of the aggregated net borrowing of the Security Business as shown in each Security Company's bank statements and including all inter-company debt between the Security Business and the MITIE Group (excluding those companies comprising the Security Business),

"Borrowing"	means the amount of the aggregated net borrowing of the Security Business as shown in each Security Company's bank statements and including all inter-company debt between the Security Business and the MITIE Group (excluding those companies comprising the Security Business),
"Borrowing Limit"	means £25,000,000 or such other amount as is agreed between MFS, the C Shareholder and the Company from time to time,
"B Shares"	means "B" ordinary shares of 1 penny each in the Company,
"B Shareholder"	means a holder of B Shares and "B Shareholders" shall be construed accordingly,
"Bad Leaver"	means a holder of B Shares who is leaving the employment of the MITIE Group for any reason, save one which would make him/her a Good Leaver,
"Banking Day"	means any day on which the clearing banks in the City of London are open for normal commercial business (excluding Saturday and Sunday),
"Board"	means the board of directors of the Company, as from time to time constituted,
"C Director"	means a director(s) appointed or so designated by the holder of the C Shares and holding office pursuant to Article 17 2,
"C Shares"	means "C" ordinary shares of 1 penny each in the Company,
"C Shareholder"	means a holder of C Shares and "C Shareholders" shall be construed accordingly,
"Companies Acts"	means, subject to paragraph 1 3 of this Article, the Companies Acts as defined in section 2 of the Companies Act 2006, insofar as they apply to the Company,
"Company"	means MITIE Security Holdings Limited,
"Daily Official List"	means the Daily Official List of the London Stock Exchange,
"Director"	means a director of the Company from time to time,
"Earliest Earn-out Date"	means the seventh day following the annual general meeting of MITIE held in 2012,
"Earn-out Formula"	has the meaning given to it in Article 8 13,

"Earn-out Multiple"	means 10 or, if the Profits are in excess of the average of the Uplift Profits in respect of the two applicable financial years (calculated as the sum of the Uplift Profits in respect of the first relevant financial year and the Uplift Profits in respect of the second relevant financial year, divided by 2), 12,
"Good Leaver"	means a B Shareholder who is leaving the employment of the MITIE Group <ul style="list-style-type: none"> (i) as a result of him/her falling victim to a physical or mental incapacity to the extent that he/she is unable to perform his/her duties of employment (provided, if required by the C Shareholder, he/she is so assessed following a medical examination by a doctor nominated by the C Shareholder), (ii) having retired (being retirement in accordance with the then prevailing employment policies of the relevant MITIE Group Company employing the relevant person), or, (iii) having died,
"Group Policies"	means the policies adopted by MITIE from time to time for the MITIE Group including, but not limited to, any policies in respect of accounts, information technology, investments, property and vehicles,
"holding company"	means a holding company as defined in Section 736 and Section 736A of the Companies Act 1985,
"Index"	means the All Items Retail Prices Index (RPI) maintained by the Office for National Statistics (or by any government department upon which the duty to maintain such an index shall have devolved) or any index replacing it,
"Index Linked"	means increased annually on 31 March in each year by one percent plus the same percentage as the Index has increased in the last 12 months, the first such increase to take effect on 31 March 2008,
"London Stock Exchange"	means the London Stock Exchange plc,
"Market Capitalisation"	means the aggregate market value of all MITIE Shares calculated pursuant to the paragraph 5 R(5) of Annex 1 to Rule 10 of the Listing Rules produced by the Financial Services Authority,
"MFS"	means MITIE Facilities Services Limited, registered in England with number 2938041,

"MITIE"	means MITIE Group PLC (registered in Scotland under the Companies Act 1985 (or any provision which replaces it) with number SC19230) whose registered office is at 35 Duchess Road, Rutherglen, Glasgow G73 1AU,
"MITIE Group"	means MITIE, its Subsidiaries, any holding companies of the Company and any Subsidiary of any such holding companies (from time to time) and "Group Company" means any particular one of them,
"MITIE Shares"	means MITIE ordinary shares of 2½ pence each and "MITIE Share" means one of them,
"Net Asset Value Threshold"	means the amount of £119,000,000 subject to adjustment from time to time in accordance with Article 13,
"Notice Period"	has the meaning give to such term in Article 8 3,
"Offer"	has the same meaning as "offer" in The Takeover Code issued by the Panel on Takeovers and Mergers in respect of a third party offer for either MITIE or MFS and for the avoidance of doubt, will not include any offer for either MITIE or MFS made by scheme of arrangement solely for the purposes of a capital reorganisation of the MITIE Group,
"Offer Price"	means the price for Shares as calculated in accordance with Articles 8 13, 8 15, 9 3 and 10 2,
"Option"	means the conditional put option over his/her Shares granted to each B Shareholder by Article 12 of this Agreement,
"Option Period"	means 21 days commencing on the later of the day following an Offer becoming wholly unconditional and the satisfaction of the condition set out in Article 12 1,
"P/E Ratio"	means the average price/earning ratio per MITIE Share as shown in The Financial Times for the five Banking Days immediately preceding the date that the Transfer Request Notice is given or deemed to be given by the proposing transferor,
"Profits"	means the total of the annual consolidated profits (or, where applicable, loss) of the Company and its Subsidiaries after Taxation in respect of each of the two years ending on 31 March (or the last accounting reference date of the Company, if different) immediately preceding the date of a Transfer Notice (and if any accounting period is longer or shorter than 12 months then such adjustments shall be made as are reasonably necessary to ensure such consolidated post tax profit/loss reflects a true 12-month position) ("Total Net Profit") less the sum of each of the two relevant Profit Threshold amounts (as calculated in respect of each of the two such financial years or part thereof) ("Total Profit

Threshold") divided by 2, represented by the following equation:

$$\text{Profits} = (\text{Total Net Profit} - \text{Total Profit Threshold}) / 2,$$

but where such annual consolidated profits (loss) shall be calculated on the following basis

- (i) (a) first, according to the specific accounting principles, bases, conventions and rules set out or referred to in paragraph (ii) below,
- (b) secondly, and subject to (i)(a) above, according to UK Generally Accepted Accounting Principles as applicable from time to time, and,
- (c) thirdly, and subject to paragraphs (i)(a) and (b) above, on a basis consistent with the accounts of the Company and its subsidiaries for the year ending 31 March 2008,
- (ii) the following shall be applied to the calculation of annual consolidated profits/losses as required by paragraph (i)(a) above
 - (a) valuing work in progress at the amount agreed to be paid by customers or in default of agreement as certified by an independent quantity surveyor,
 - (b) after making such adjustment as is appropriate for the increase or decrease in the profit on uncompleted contracts,
 - (c) after making such adjustment as is reasonable where work has been invoiced in one accounting period but where such work (or part of it) falls to be undertaken in a prior or subsequent accounting period,
 - (d) after making such adjustment as is reasonable where costs have been incurred in one accounting period but where the invoice for such costs (or part of them) is received in another accounting period,
 - (e) after deleting any profit resulting directly or indirectly from any dealing by the Company or any of its Subsidiaries being conducted otherwise than on an arm's length basis,
 - (f) after treating any Book Debt which is more than three months overdue at the date at which the relevant accounts are prepared up to and which remains unpaid at the date of a Transfer Notice and which has not already been provided for as an

irrecoverable or doubtful bad debt,

- (g) after deducting any release of any provisions during the two years which were originally created prior to the commencement of that two year period,
- (h) after adding back any unnecessary provisions created during the two year period,
- (i) adjusting for excess costs incurred in following guidance from MITIE to reduce the average number of hours worked by employees in the security discipline (specifically by reductions in excessive working hours) where this has not been a consequence of general legislative change,
- (j) all defined benefit pension charges and/or income will be accounted for on a defined contribution basis (including, for the avoidance of doubt, any adjustments in respect of any shortfalls/deficits which the Security Business is required, or is reasonably expected to be required, to pay upon the termination of any customer contract from time to time,
- (k) expensing the annual management charge levied by MITIE being a percentage (but not less than 1%) of the turnover of the Company and its Subsidiaries in the relevant year,
- (l) expensing such other annual management charge as may be levied by the divisional administration Group Company or any other Group Company,
- (m) expensing any charges relating to the use by the Company and/or any of its Subsidiaries of intellectual property belonging to MITIE and/or any other Group Company,
- (n) where the employment costs of the directors of the Company and/or any of its Subsidiaries have been reduced (temporarily or otherwise) below market rates through not taking contractual entitlements to salary, bonuses, benefits or other forms of remuneration there will be an appropriate adjustment to reflect the market rate,
- (o) if the Company and/or any of its Subsidiaries has not complied with its obligations to
 - (aa) comply with all Group Policies,
 - (bb) without prejudice to the foregoing, ensure that its premises are properly and adequately maintained, and that in particular expenditure

that is properly required to be incurred in any one year is not brought forward or deferred so as improperly to increase or decrease the Profits relating to that year, and,

(cc) pay its auditors in a timely manner as their fees fall due,

then after allowing such additional amount as is reasonable in the circumstances to reflect the additional expenditure that would have been incurred had the Company and/or its Subsidiary (as appropriate) complied with those obligations,

(p) such expense as relates, in respect of the relevant accounting period, to the grant of any rights under any share based employee incentive scheme as has been granted by MITIE in respect of any employee of the Company and/or its Subsidiaries (excluding, however, any such expense as relates to the MITIE Group PLC Savings Related Share Option Scheme 2001(as amended), and,

(q) the interest expense shown in the accounts prepared for the purposes of determining Profit for the relevant financial year shall be adjusted on the basis that there is a notional £12.5 million fixed interest arrangement set at a rate of 6.94% between the Security Business and MITIE for a period of 5 years from the date of adoption of these Articles (after which the rate and term is renegotiable)

"Profit Threshold" means, subject to adjustment, the amount of £5,896,000 less Taxation thereon, Index Linked,

"Relevant Proportion" means, expressed as a percentage, the proportion that the Relevant Shares bear to the aggregate number of the total issued B Shares and C Shares,

"Relevant Shares" means B Shares in relation to which the C Shareholder has served a Transfer Notice,

"Remaining Shares" shall have the meaning given to it in Article 8.14,

"Security Business" means the business of, together MSH, Bradman Road Manufacturing Limited (1690353), Clyde Security Commissionaires Limited (SC085731), C-Tech Associates Limited (3108655), Guardrite Plc (2402501), MITIE Aviation Security Limited (2021486), MITIE Dormant (No 1) Limited (0041138), MITIE Security Limited (01013210), MITIE Security (2006) Limited (4957325), MITIE Security (London) Limited (02010534), MITIE Security (North) Limited (3645342), MITIE Security (Scotland) Limited (3654735), MITIE Security Services Limited (2422711), MITIE Security (Southern) Limited (3843611), MITIE Security

(South West) Limited (5077923), MITIE Security Systems Limited (4052003), MITIE Security Training Academy Limited (5443679), MITIE Trident Security Limited (2938040), Securiguard Scotland Limited (SC090754), Securiguard Services (Eastern) Limited (1390632), Securiguard Services (London) Limited (1505210), Securiguard Services (Northern) Limited (1192510), Securiguard Technical Systems Limited (1832409), Sigma Projects Limited (2516880), Sterling Security Services Limited (2780369), The Sigma Group Limited (2206303), Sigma Security Limited (2090617), The Watch Security Limited (1957715), Trident Safeguards Limited (4085094), and **"Security Company"** means any one of them,

"Shares" means A Shares and/or B Shares and/or C Shares as the context permits,

"Shortfall" means the amount by which annual consolidated profits or losses of the Company and its Subsidiaries after Taxation are less than the Profit Threshold for any relevant financial year,

"Subsidiary" means a subsidiary as defined in Section 736 and Section 736A of the Companies Act 1985,

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

"Taxation" means the amount of corporation tax which would be payable by applying the higher of the consolidated tax rate of the Security Business and the prevailing mainstream corporation tax rate,

"Transfer Notice" means the notice containing the offer, subject to contract, by the holder of the C Shares to purchase some or all of the Shares which are the subject of the Transfer Request Notice,

"Transfer Request Notice" means a notice served by a B Shareholder specifying the number of B Shares he wishes the holder of the C Shares to consider purchasing, and,

"Uplift Profits" means

Year ended 31 March	Uplift Profits
2008	Profit Threshold x 1 120
2009	Profit Threshold x 1 254
2010	Profit Threshold x 1 405
2011	Profit Threshold x 1 574
2012	Profit Threshold x 1 762
2013	Profit Threshold x 1 974

2014	Profit Threshold	x 2 210
2015	Profit Threshold	x 2 476
2016	Profit Threshold	x 2 773

- 1 2 Save as provided in this Article 1 and unless the context otherwise requires, words or expressions contained in these Articles bear the same meaning as in the Companies Acts
- 1 3 In these Articles, unless expressly provided to the contrary, a reference to any statute or provision of a statute includes a reference to any statutory modification or re-enactment of it and to any subordinate legislation made under it in each case for the time being in force
- 1 4 Save as aforesaid, and unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Companies Acts. If there is any inconsistency between words and expressions used in the Companies Act 1985 and the Companies Act 2006, the words or expressions shall bear the meaning as in the relevant act concerned
- 1 5 In these Articles, unless the context otherwise requires
- (a) words in the singular include the plural, and vice versa,
 - (b) words importing any gender include all genders, and,
 - (c) a reference to a person includes a reference to a company and to an unincorporated body of persons
- 1 6 In these Articles
- (a) references to writing include references to typewriting, printing, lithography, photography and any other modes of representing or reproducing words in a legible and non-transitory form,
 - (b) references to "executed" includes any mode of execution,
 - (c) references to "other" and "otherwise" shall not be construed *eiusdem generis* where a wider construction is possible,
 - (d) references to a power are to a power of any kind, whether administrative, discretionary or otherwise,
 - (e) references to a committee of the Directors are to a committee established in accordance with these Articles, whether or not comprised wholly of Directors, and
 - (f) references to "designation" in the context of shareholders or Directors are to holders of A Shares or B Shares or C Shares or Directors appointed by the holders of A Shares or C Shares, as appropriate

1 7 Headings are inserted for convenience only and do not affect the construction of these Articles

1 8 In these Articles a reference to an Article is to a clause of these Articles and a reference to a Regulation is to a regulation in Table A

2. TABLE A

The Regulations contained in Table A shall apply to the Company save insofar as they are varied or excluded by or are inconsistent with these Articles Regulations 40, 50, 53, 54, 64 to 69 (inclusive), 72 to 77 (inclusive), 80, 84, 88, 89, 93, 94, 95 and 118 shall not apply to the Company

3. SHARE CAPITAL

The share capital of the Company at the date of the adoption of these Articles is £22,045,000 divided into 22,000,000 A Shares of £1 each, 1,500,000 B Shares of 1 penny each and 3,000,000 C Shares of 1 penny each

4. RIGHTS ATTACHING TO SHARES

Subject to any special rights which may be attached to any class of shares issued after the date of adoption of these Articles the rights attaching to the Shares are as follows

4 1 Capital

On a return of assets on liquidation or capital reduction or otherwise, the assets of the Company available for distribution amongst its shareholders after payment of its liabilities shall be applied in the following manner in the following order of priority

- (a) first, in paying to the holder of the A Shares per A Share (i) an amount equal in aggregate to the Net Asset Value Threshold divided by the number of A Shares then in issue, (ii) the subscription price paid per A Share in respect of any subscription following the date of adoption of these Articles, and (iii) a sum equal to all unpaid arrears and accruals of dividends on the A Shares calculated down to the date of the return of capital,
- (b) second, in paying to the holders of the B Shares and C Shares the subscription price paid per Share together with a sum equal to the unpaid arrears and accruals of dividends thereon calculated down to the date of the return of capital, and,
- (c) third, in paying the balance thereof to the holders of the A Shares, the B Shares and the C Shares *pari passu* as if they constituted one class of share *pro rata* to their existing holdings of Shares

4 2 Voting

- (a) The holders of the Shares shall have the right to receive notice of and attend and vote at any general meeting of the Company Subject to sub-article (b) below each such holder present in person or by proxy or by representative shall be entitled on a show of hands to one vote and on a poll to one vote for each Share held
- (b) The C Shareholders shall together be entitled to exercise such number of votes as is equal to 50 1% of all votes attaching to all Shares and such votes shall be divided between the C Shares then in issue (provided that such right shall not affect the voting rights attaching to the B Shares and the B Shareholders shall, for the avoidance of doubt, be able to exercise on a poll, one vote per B Share then held)

4 3 Dividends

If a dividend is declared by the Board, the profits of the Company available for distribution in respect of any financial year shall be applied

- (a) first, in paying to the holders of the A Shares a dividend per A Share held equal in aggregate to the Profit Threshold at such time,
- (b) second, in paying to the holders of the A Shares, the holders of the B Shares and the holders of the C Shares a dividend of such amount as the Board shall decide as if they constituted one class of share pro rata to their existing holdings of shares,
- (c) third, in paying to the holders of the A Shares a dividend per A Share held equal in aggregate to one-half of the profits of the Company available for distribution in each financial year less the amount already paid in respect of the A Shares under Article 4 3(a) insofar as there is sufficient profit remaining after the payment in Articles 4 3(a) and (b), and,
- (d) thereafter fourthly, the balance of the profits available for distribution which are resolved to be distributed shall be distributed among the holders of the A Shares, the holders of the B Shares and the holders of the C Shares pari passu as if they constituted one class of share pro rata to their existing holdings of shares,

provided that the holders of the B Shares and the C Shares shall have no entitlement to any dividends whatsoever at any time after 5 October 2017 and after such date the holder of the A Shares shall be entitled to such dividend as the Board sees fit

5. ISSUE OF SHARES

- 5 1 Unless otherwise agreed in writing by all the shareholders for the time being of the Company entitled to attend and vote at general meetings any Shares which are unissued from time to time shall be available for issue and shall before they are issued whether for cash or otherwise be offered to the shareholders of that class in proportion, as nearly as may be, to their holdings of Shares
- 5 2 Any such offer as referred to in Article 5 1 shall be made by notice specifying the number of Shares and the price per Share at which the same are offered and limiting period (being not less than 14 days unless the shareholder to whom the offer is to be made otherwise agrees) within which the offer, if not accepted, shall be deemed to be declined The price stated in the notice shall be, as nearly as may be, the fair value of the Shares at the date of issue valued as a proportion of the value of the whole Company (such valuation to be carried out in accordance with such methodology as is reasonably determined by the C Shareholder as at the relevant date)
- 5 3 Following the expiration of the time limit in Article 5 2
- (a) If a holder of B Shares does not take up his proportion of B Shares then such shortfall may be taken up by the C Shareholder,
 - (b) the Directors shall allot the Shares so offered to or amongst the shareholders who have notified their willingness to take all or any of such shares and the Directors shall make such arrangements as they shall think fit concerning entitlements to fractions
- 5 4 Save with the consent of the C Shareholder, no Shares may be allotted or issued to any person who is not immediately prior to such allotment or issue a shareholder
- 5 5 Sections 89 and 90 of the Companies Act 1985 shall not apply to the allotment of equity securities by the Company
- 5 6 Any Share issued to a shareholder pursuant to this Article shall on issue be designated as either an A Share, a B Share or a C Share

6. LIEN

- 6 1 Without prejudice to the lien conferred by Regulation 8 of Table A the Company shall have a first and paramount lien on all Shares for all moneys presently payable by a shareholder or his estate to the Company The liens conferred above and by Regulation 8 of Table A shall attach to all Shares (whether fully paid up or otherwise) registered in the name of any person indebted or under liability to the Company
- 6 2 All Shares to be sold in the enforcement of the Company's lien or rights of forfeiture shall be offered in accordance with Article 5 as if they were unissued Shares of the Company

7. CALLS

- 7 1 If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the Share or in the notice of the call or, if no rate is fixed by the terms of allotment of the Share or in the notice of the call, at the appropriate rate (as defined by the Acts) and all expenses that may have been incurred by the Company by reason of such non-payment but the Directors may waive payment of the interest and expense wholly or in part
- 7 2 If a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest and all expenses that may have been incurred by the Company by reason of non-payment which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited

8. TRANSFERS OF SHARES

- 8 1 Transfers of Shares may only be made in accordance with Articles 8 – 13 unless the shareholders otherwise agree in writing
- 8 2 Subject to Article 8 3 a B Shareholder seeking to sell or transfer any Shares may serve a Transfer Request Notice to the C Shareholder (and if he elects to do so a copy of such notice should be sent for information only to the Board) between the Earliest Earn-out Date and the tenth anniversary of 5 October 2007
- 8 3 Each B Shareholder may only serve one Transfer Request Notice in any calendar year and it must be served in the seven day period commencing on the seventh day following the annual general meeting of MITIE held in such calendar year (the "Notice Period")
- 8 4 Where a Transfer Request Notice is served in the Notice Period in any year from the Earliest Earn-out Date to the seventh anniversary of 5 October 2007 (and some/all of the Shares subject to the Transfer Request Notice are, at its election, acquired by the C Shareholder in accordance with this Article 8) a B Shareholder may not serve a second Transfer Request Notice until one year has elapsed from the date of the first Transfer Request Notice
- 8 5 A Transfer Request Notice shall stipulate the number of Shares a B Shareholder wishes to sell and the first Transfer Request Notice served by a B Shareholder shall specify a minimum of 20% and a maximum of 80% of the B Shareholder's shareholding in the Company as at the date of the Transfer Request Notice as the Shares he/she wishes to be transferred
- 8 6 The serving of a Transfer Request Notice by a B Shareholder shall, conditional on the holder of the C Shares issuing a Transfer Notice to such a B Shareholder referring to his Transfer Request Notice, oblige the B Shareholder to accept any offer made by the holder of the C Shares to purchase some or all of the Shares at the Offer Price pursuant to the terms and conditions set out in the Transfer Notice and execute a share purchase agreement relating to the Shares to be sold

- 8 7 The C Shareholder shall have ninety days following receipt of the Transfer Request Notice to elect to issue a Transfer Notice stating
- (a) the number of Shares it shall purchase,
 - (b) the relevant Offer Price,
 - (c) the method by which the consideration shall be satisfied,
 - (d) the value of one MITIE Share (if relevant),
 - (e) the number of MITIE Shares that it proposes to issue to the proposing transferor (and if the number of MITIE Shares of equivalent value to the Relevant Shares is not a whole number it shall be rounded down to the nearest whole number) (if relevant),
 - (f) that its acceptance is conditional on the execution of a share purchase agreement relating to the Shares to be sold, and,
 - (g) any further conditions that must be satisfied before completion of the purchase can take place
- 8 8 If the C Shareholder elects to purchase any Shares offered by a B Shareholder pursuant to a Transfer Request Notice, the C Shareholder shall have the right to satisfy the Offer Price
- (a) in cash, or,
 - (b) by issuing sufficient MITIE Shares to the proposing transferor, or,
 - (c) by a mixture of cash and MITIE Shares in such proportion as the holder of the C Shares sees fit
- 8 9 For the purpose of Article 8 8 the value of the MITIE Shares to be issued in payment of the Offer Price shall be the average of the closing middle market price of MITIE Shares as derived from the Daily Official List for the five Banking Days immediately preceding the fourteenth day following the annual general meeting of MITIE held in the relevant year
- 8 10 The C Shareholder will use its reasonable endeavours to procure that any MITIE Shares issued to the proposing transferor shall be admitted to the Official List and admitted to trading on the London Stock Exchange. In the event that those MITIE Shares are not so admitted within three months of service of the Transfer Notice on the B Shareholder the relevant former B Shareholder shall transfer any MITIE Shares issued to him to such person as the C Shareholder shall nominate for aggregate consideration of £1 and the C Shareholder shall pay such part of the Offer Price represented by such MITIE Shares in cash

8 11 When a B Shareholder receives MITIE Shares in exchange for his B Shares under Articles 8 (but in relation thereto only in relation to those MITIE Shares issued pursuant to the first Transfer Notice issued by MITIE to such B Shareholder), 9 or 10, such B Shareholder may thereafter not dispose of such MITIE Shares for a period of two years from the date of the allotment of the relevant MITIE Shares. If, under Article 8, a second Transfer Notice is issued in the calendar year following the first Transfer Notice, such B Shareholder may thereafter not dispose of the MITIE Shares which are the subject of that second Transfer Notice for a period of one year from the date of the allotment of the relevant MITIE Shares. There shall be no restrictions on the disposal of MITIE Shares which are the subject of any subsequent Transfer Notice

8 12 Completion of a transfer of Shares pursuant to these Articles shall be at the place and time agreed by the relevant parties when

(a) the proposing transferor shall deliver any and all share certificates (or a suitable indemnity in lieu thereof), a completed stock transfer form in respect of the Relevant Shares to MITIE and any other documents required by the share purchase agreement used to acquire the Relevant Shares, and,

(b) the C Shareholder shall satisfy the Offer Price

Earn-out

8 13 If a B Shareholder serves a Transfer Request Notice in a Notice Period occurring between the Earliest Earn-out Date and the tenth anniversary of the date of the issue of his Shares inclusive and the C Shareholder elects to issue a Transfer Notice in relation thereto, the Offer Price to be set out in each Transfer Notice shall be calculated as the lower of

(i) the Profits multiplied by the Earn-out Multiple, and,

(ii) the Profits multiplied by one half of one point below the applicable P/E Ratio,

multiplied by the Relevant Proportion (the "**Earn-out Formula**")

8 14 On the day following the tenth anniversary of 5 October 2007, any B Shareholders shall be deemed to have sent a Transfer Request Notice in respect of all of their Shares held on such date (such Shares being "**Remaining Shares**")

8 15 The C Shareholder shall have the option to acquire any or all of such Remaining Shares by issuing a Transfer Notice stating an Offer Price which for these purposes shall be the lower of

(a) the price that the relevant B Shareholder paid for the Shares to be transferred, and,

(b) the price that the relevant B Shareholder paid for the Shares to be transferred less the Relevant Proportion of the aggregate of any Shortfall for each financial year from 1 April 2007 to the financial year ended immediately prior to the date upon which a Transfer Request Notice is given or is deemed to be given

8 16 Notwithstanding the provisions of Articles 9 and 10, the C Shareholder shall have the right, in its absolute discretion, to waive the requirements for a Transfer Request

Notice to be served (or deemed to be served) only within a Notice Period if, in its reasonable opinion, exceptional circumstances warrant the granting of such waiver

9. TRANSFER OF SHARES BY A GOOD LEAVER

- 9 1 A Good Leaver shall be deemed to have given a Transfer Request Notice in respect of all his B Shares on the last day of the Notice Period commencing prior to the date the relevant Good Leaver became a Good Leaver unless the Good Leaver leaves between 31 March and the last day of the next Notice Period in that same year in which case he shall be deemed to give a Transfer Request Notice in respect of all his B Shares on the last day of the Notice Period after the date the relevant Good Leaver became a Good Leaver
- 9 2 Subject to Article 9 3, if the C Shareholder elects to give a Transfer Notice to the Good Leaver, such Transfer Notice shall state an Offer Price using the Earn-out Formula
- 9 3 If a Good Leaver is deemed to serve a Transfer Request Notice before it is possible to calculate an Offer Price using the Earn-out Formula, then the Offer Price shall be the price the holder of the B Shares paid for all the B Shares subject to the Transfer Request Notice
- 9 4 The provisions of Articles 8 6 – 8 12 shall apply to a transfer of shares by a Good Leaver

10 TRANSFER OF SHARES BY A BAD LEAVER

- 10 1 A Bad Leaver shall be deemed to have given a Transfer Request Notice in respect of all his B Shares on the last day of the next Notice Period after the date the relevant Bad Leaver became a Bad Leaver
- 10 2 If a Transfer Request Notice is deemed to be given by a Bad Leaver at any time prior to the tenth anniversary of the date of this Agreement and if the C Shareholder elects to give a Transfer Notice to the Bad Leaver, the Offer Price which the Bad Leaver shall be obliged to accept shall be the lower of
- (a) the price that the Bad Leaver paid for all his Shares, and,
 - (b) the price that the Bad Leaver paid for all his Shares less the Relevant Proportion of the aggregate of any Shortfall for each financial year from 1 April 2007 to the financial year ended immediately prior to the date upon which a Transfer Request Notice is given or is deemed to be given
- 10 3 The provisions of Articles 8 6 - 8 12 shall apply to a transfer of Shares by a Bad Leaver

11. THIRD PARTY OFFER FOR THE COMPANY

11 1 If an offer is made by or on behalf of a bona fide third party arms length purchaser (such purchaser, for the avoidance of doubt, not being a member of the MITIE Group) (the "**Offeror**") to acquire all the issued Shares in the capital of the Company at an arms length price (the "**Third Party Offer**") and the A Shareholder and the C Shareholder wish to accept the Third Party Offer, then the A Shareholder and the C Shareholder shall notify all the B Shareholders of

- (i) the identity of the Offeror,
- (ii) the offer price for each A Share,
- (iii) the offer price for each B Share, and,
- (iv) the offer price for each C Share

11 2 The offer price for each B Share shall be

- (i) the consideration to be paid by the Offeror for each of the C Shares held by the C Shareholder (excluding any consideration attributable to accruals or arrears of dividends) (the "**Offer Consideration**"), or,
- (ii) such consideration certified by the Company's auditors as not being less favourable to the B Shareholders than the Offer Consideration on the same terms as set out in Article 12 below

11 3 Upon such notification and conditional only on acceptance of the Third Party Offer by the holders of the A Shares and the C Shares, the B Shareholders shall

- (i) be deemed to have accepted the Third Party Offer in accordance with its terms and shall sell to the Offeror such Shares with full title guarantee and free of all liens, charges and encumbrances, and,
- (ii) be obliged to deliver to the Offeror or his nominee an executed transfer of the B Shares held by him and the certificate(s) in respect of them (or a suitable indemnity in lieu thereof)

12. TAKEOVER OFFER

12 1 In the event of an Offer becoming wholly unconditional the C Shareholder grants to each B Shareholder the right, conditional upon receipt of the approval of MITIE Shareholders if required by the Panel on Takeovers and Mergers or any other approval or consent required by law, regulation or the Takeover Code, to require the C Shareholder to purchase all of the Shares held by each B Shareholder for a price calculated as follows

P x X x Y

where

P is the greater of

- (i) consolidated net profits after Taxation of the Company and its Subsidiaries (as at the relevant time) for the relevant trading period (to be adjusted to a period of twelve months if longer or shorter than

twelve months) as shown in the last audited annual accounts in excess of the Profit Threshold, or,

- (ii) the average of the consolidated net profits after Taxation of the Company and its Subsidiaries (as at the relevant time) for the two relevant trading periods (to be adjusted to a period of twelve months if longer or shorter than twelve months) as shown in the last two audited annual accounts of the Company (and the accounts of its Subsidiaries) in excess of the Profit Threshold

X is the lower of

- (i) 10 or, if P is greater than the Uplift Profits for the year ending on the 31 March immediately prior to the commencement of the Option Period, 12, and,
- (ii) one half of one point below the average price/earning ratio per MITIE Share as shown in The Financial Times for the last five Banking Days immediately prior to the commencement of the Option Period

Y is the Relevant Proportion,

PROVIDED that the aggregate consideration that may be payable by the holder of the C Shares in respect of the acquisition of all the B Shares held by B Shareholders shall be capped at 24.9% of the Market Capitalisation of MITIE as at the close of business on the last Banking Day prior to 5 October 2007. If the aggregate consideration actually paid is so capped each B Shareholder shall be entitled to such amount of consideration as is proportional to his holding of B Shares

- 12.2 Each B Shareholder may exercise his Option during the Option Period in respect of all (but not part) of the Shares owned by him at the commencement of the Option Period
- 12.3 The Option shall be exercised by a B Shareholder serving a notice on the holder of the C Shares which shall be irrevocable and oblige the B Shareholder to transfer all of his B Shares
- 12.4 If a notice is so served the holder of the C Shares shall purchase the Shares of each B Shareholder, at its election, either
 - (a) for cash,
 - (b) by issuing, fully paid, to the relevant B Shareholder sufficient MITIE Shares
 - (i) in the case of an Offer for MITIE, valued at the price of the Offer, and,
 - (ii) in the case of an Offer for MFS, valued at the average of the closing middle market price of MITIE Shares as derived from the Daily Official List for the last five Banking Days prior to the Offer going unconditional, for it to satisfy the purchase price for those Shares, or,

(c) a mixture of cash and MITIE Shares as per paragraph (b) above

12 5 The MITIE Shares issued to the B Shareholders pursuant to this Article 12 shall rank pari passu in all respects with all other MITIE Shares then in issue save in respect of any dividend then declared but unpaid

12 6 Completion of the acquisition of a B Shareholder's Shares pursuant to this Article 12 shall take place at 8 Monarch Court, The Brooms, Emersons Green, Bristol, BS16 7FH seven days after the expiry of the Option Period (or at such other time and place as the C Shareholder may direct) when

(a) each B Shareholder who exercises the Option shall sell his Shares to the C Shareholder with full title guarantee free from all liens, charges and encumbrances and with all rights attached or attaching to them at or after the date of the Notice,

(b) each B Shareholder who exercises the Option shall deliver a duly completed and executed stock transfer form in favour of the C Shareholder in respect of his Shares together with the relevant share certificate(s) (or a suitable indemnity in lieu thereof),

(c) the C Shareholder shall allot or procure the allotment of the relevant number of MITIE Shares fully paid to each B Shareholder and/or shall pay the appropriate cash consideration, and,

(d) the holders of the A Shares, B Shares and C Shares and the B Shareholders shall procure that a Board meeting is held at which the transfers of the Shares to the C Shareholder are approved (subject to them being appropriately stamped) and registered in the Company's books

12 7 Any dispute as to the amount to be paid for any Shares of a B Shareholder or, if appropriate, as to the number of MITIE Shares to be issued in payment for those Shares shall be referred to MITIE's auditors for the time being (or if they are unable to act a firm of international accountants appointed by the President of the Institute of Chartered Accountants in England and Wales) who shall act as experts and whose decision shall be final and binding upon the parties

12 8 Each of the Shareholders hereby irrevocably waives all rights of pre-emption conferred on him/her by these Articles or otherwise over all Shares in respect of which a notice is served pursuant to this Article 12

13. ADJUSTMENT TO THE PROFIT THRESHOLD AND NET ASSET VALUE THRESHOLD

13 1 If any sale or acquisition or change in business structure or other corporate activity ("Event") by the Company or the MITIE Group is proposed which would in the opinion of the C Shareholder require an adjustment to the Profit Threshold and the Net Asset Value Threshold to ensure that immediately following the Event occurring, the value of the B Shares has not been varied, the same shall be adjusted by way of ordinary resolutions of the C Shareholders

- 13 2 Any dispute as to an adjustment made under Article 13 1 above, shall be referred to MITIE's auditors for the time being (or if they are unable to act a firm of international accountants appointed by the President of the Institute of Chartered Accountants in England and Wales) who shall act as experts and whose decision shall be final and binding upon the parties

14. FURTHER PROVISIONS CONCERNING THE TRANSFER OF SHARES

- 14 1 Without prejudice to the restrictions set out elsewhere in these Articles, save with the consent of the Board, no transfer, disposal, charge, mortgage, assignment or other dealing in any Shares or any interest or right therein shall occur other than the transfer of the whole legal and equitable title to such Shares free from all liens, charges and encumbrances and with all rights, title and interest in existence at the date of transfer together with all rights which may arise in respect thereof thereafter (and "transfer", in the context of a transfer of Shares, shall be construed accordingly in these Articles)
- 14 2 The Directors may decline to register the transfer of a Share on which the Company has a lien
- 14 3 The instrument of transfer of a Share shall be signed by or on behalf of the transferor (and in the case of a transfer of a partly paid Share also by the transferee) and the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the Register in respect thereof All instruments of transfer, when registered, shall be retained by the Company
- 14 4 Save where otherwise approved in writing by the C Shareholder, the B Shares shall only be transferred to a C Shareholder

15. CLASS MEETINGS AND VARIATION OF RIGHTS

- 15 1 The provisions of these Articles relating to general meetings shall apply, with necessary modifications, to any meeting of the holders of Shares of a class held otherwise than in connection with the variation or abrogation of the rights attached to Shares of that class
- 15 2 Save as provided for elsewhere in these Articles, all or any of the special rights for the time being attached to any Share or class of Shares in the capital of the Company may, either with the prior consent in writing of the holders of not less than three-fourths of the issued Shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of Shares of the class duly convened and held as hereinafter provided (but not otherwise) be varied or abrogated To such meetings the provisions of these Articles with respect to notice and proceedings at general meetings shall apply mutatis mutandis apply, but so that the quorum shall be a person or persons present in person, by proxy or by corporate representative, holding or representing not less than one-third of the issued Shares of the class

16. PROCEEDINGS AT GENERAL MEETINGS

- 16 1 Every notice calling a general meeting shall comply with the provisions of Section 372(3) of the Companies Act 1985 as to giving information to shareholders in regard to their right to appoint proxies
- 16 2 No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. The quorum shall be the C Shareholder or its proxy or duly authorised representative
- 16 3 If within half an hour of the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be dissolved, in any other case it shall stand adjourned to the same day in the same week, at the same time and place or to such other day and at such other time and place as the Directors may determine. If at any such adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall be dissolved
- 16 4 Except as set out in these Articles and subject to any special rights, privileges or restrictions attached to any Shares, at a general meeting of the Company on a show of hands every shareholder who (being an individual) is present in person or by proxy (not being himself a shareholder) or (being a corporation) is present by a representative duly authorised under Section 375 of the Companies Act 1985 (not being himself a shareholder) shall have one vote, and on a poll every shareholder present in person, by representative or by proxy shall have one vote for every Share of which he is the holder. No resolution of the shareholders in general meeting shall be valid unless the C Shareholder votes in favour of such a resolution
- 16 5 A poll may be demanded at any general meeting by the chairman or any shareholder present in person, by proxy or by corporate representative and entitled to vote. Regulation 46 of Table A shall be modified accordingly
- 16 6 Any shareholder able to participate in the proceedings of any general meeting by means of a communication device (including, without limitation, a telephone) which allows all shareholders present at that meeting (whether in person or by proxy or by means of such type of communication device) to hear at all times that shareholder and that shareholder to hear at all times all shareholders present who speak shall be deemed to be present at such meeting and shall be counted when reckoning a quorum
- 16 7 A resolution executed or approved in writing by or on behalf of the holders of all the issued Shares entitled to vote thereon shall be as valid and effective for all purposes as a resolution passed at a general meeting duly convened and held and may consist of several documents in the like form, each executed by or on behalf of one or more persons. In the case of a corporation the resolution may be signed on its behalf by a Director or the secretary thereof or by its duly appointed attorney or duly authorised representative

17 DIRECTORS

- 17 1 Unless otherwise determined by ordinary resolution, there shall be at least two Directors (of whom one shall be a C Director) and the maximum number of Directors shall be determined by the Company in general meeting
- 17 2 The C Shareholder shall be entitled to appoint any number of Directors to the Board and to remove any Directors so appointed by them
- 17 3 In addition to the situations set out in Regulation 81 of Table A, the office of Director shall be automatically vacated if
- (a) He/she resigns the office of Director by providing notice in writing to the Company,
 - (b) he/she is requested to resign by notice in writing addressed to him/her at his/her address as shown in the register of Directors and signed by a C Director (without prejudice to any claim for damages which he/she may have for breach of any contract between him/her and the Company), or
 - (c) he/she is convicted of an indictable offence or his/her conduct (whether or not concerning the affairs of the Company) is the subject of an investigation by an inspector appointed by the Secretary of State or by the Serious Fraud Squad (or any successor body or body equivalent in any foreign jurisdiction) and the Directors shall resolve that it is undesirable in the interests of the Company that he/she remains a Director of the Company, or
 - (d) his/her contract of employment is terminated for any reason, or,
 - (e) he/she has been in breach of any material provision of his/her contract of employment or engagement with the Company for a period of 30 days after having been given written notice (if the breach is capable of remedy) to rectify the same
- 17 4 The Directors may resolve that a person who is willing to act as a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed as the maximum number of Directors
- 17 5 The Directors shall not be required to retire by rotation
- 17 6 The Board may exercise all the powers of the Company to borrow and raise money and to mortgage and charge its undertaking, property and uncalled capital or any part of it, and subject to Section 80 of the Companies Act 1985, to issue debentures, debenture stock and other securities outright or as security for any debt, liability or obligation of the Company or of any third party
- 17 7 The chairman of the Board shall at all times be a C Director

- 17 8 A Director who pursuant to Section 317 of the Companies Act 1985 has declared at a meeting of the Directors the nature of his interest in a transaction or arrangement or proposed transaction or proposed arrangement with the Company shall be entitled to vote in respect of that transaction or arrangement or proposed transaction or proposed arrangement, or upon any matter arising therefrom and if he shall do so his vote shall be counted, and he may be taken into account in ascertaining whether or not a quorum is present at the meeting of the Directors or the committee at which the vote is taken
- 17 9 The quorum necessary for the transaction of the business of the Board shall be two Directors (one of which must be a C Director) A person who holds office only as an alternate Director shall, if his/her appointor is not present, be counted in the quorum
- 17 10 Questions arising at any meeting of the Board shall be decided by a majority of votes provided that a C Director votes in favour of the decision For the avoidance of doubt, a resolution of Directors shall not be validly passed unless at least one C Director votes in favour of the resolution
- 17 11 A Director may, and the secretary on the requisition of a Director shall, summon a meeting of the Board at any time Unless otherwise agreed by all the Directors of the Board, not less than seven days' notice of meetings of the Directors shall be given to each of the Directors at their address in the United Kingdom whether present in the United Kingdom or not
- 17 12 Meetings of the Directors may be held by means of a communication device (including a conference telephone or similar equipment) so long as all participants can hear each other and address each other simultaneously Such meetings shall be as effective as if the Directors had met in person and each person so participating in the meeting shall be deemed to be present at the meeting and shall be counted when reckoning a quorum
- 17 13 A resolution executed or approved in writing by all the Directors shall be as valid and effective for all purposes as a resolution passed at a meeting of the Board duly convened and held and may consist of several documents in the like form, each signed by one or more of the Directors A resolution signed by an alternate Director need not also be signed by his/her appointor and, if it is signed by a Director who has appointed an alternate Director, it need not be signed by the alternate Director in that capacity
- 17 14 The Directors may grant retirement pensions or annuities or other allowances including allowances on death, to any person or to the widow or widower or dependants of any person, in respect of services rendered by him to the Company as managing Director or in any other executive office or employment under the Company or indirectly as an executive officer or employee of any subsidiary company of the Company or of its holding company (if any) notwithstanding that he/she may be or may have been a Director of the Company and may make payments towards insurances or trusts for such purposes in respect of such persons and may include rights in respect of such pensions, annuities and allowances in the terms of engagement of any such person

18 BORROWING LIMIT AND OBLIGATION TO SUBSCRIBE FOR ADDITIONAL SHARES

18 1 The B Shareholders shall use their reasonable endeavours to procure that the Security Business does not in aggregate borrow more than the Borrowing Limit

18 2 If the Security Business exceeds the Borrowing Limit for any 28 Banking Days in any period of 60 days then the B Shareholders and C Shareholders shall (within 28 days of the expiry of the period of 60 days) subscribe for additional Shares in the Company in the following manner

- (a) the B Shareholders and C Shareholders shall subscribe for such number of additional B Shares and C Shares (respectively) pro rata to their existing shareholdings for cash at a subscription price of £1 per Share as shall cause the amount of the issued paid up share capital of the Company to exceed the Average Excess Borrowing by 5 per cent,
- (b) if the B Shareholders fail to subscribe for the total number of B Shares to be issued to them in accordance with Article 18 2(a) then the C Shareholder may subscribe for such number of additional C Shares as shall make up the deficit,
- (c) no provision of this clause 7 2 shall cause the C Shareholder in respect of the subscription of Shares to provide aggregate consideration that may be in excess of 24 9% of the Market Capitalisation as at the close of business on the last Banking Day prior to the date of this Agreement or otherwise cause it to obtain shareholder approval, and,
- (d) the Shareholders shall together procure the passing of such resolutions at a general meeting of the Company or if the Company so elects by written resolution authorising the allotment of such Shares, in compliance with all necessary legislation, as shall be necessary to give effect to this Article 18

19 INDEMNITY

19 1 Subject to the provisions of the Companies Act 1985, the Company may

- (a) indemnify any person who is or was a Director, directly or indirectly (including by funding any expenditure incurred or to be incurred by him/her), against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty of trust by him/her or otherwise, in relation to the Company or any associated company, and/or
- (b) purchase and maintain insurance for any person who is or was a Director against any loss or liability or any expenditure he/she may incur whether in connection with any proven or alleged negligence, default, breach of trust by him/her or otherwise, in relation to the Company or any associated company

For the purposes of this article, "associated company" has the same meaning as in Section 309A of the Companies Act 1985

20 WINDING UP

Subject to Article 4 1, in a winding up the liquidator may, with the sanction of an extraordinary resolution, distribute all or any of the assets in specie among the shareholders in such proportions and manner as may be determined by such resolution, provided always that if any such distribution is proposed to be made otherwise than in accordance with the existing rights of the shareholders, every shareholder shall have the same right of dissent and other ancillary rights as set out in Section 111 of the Insolvency Act 1986