

03 - 09 - 97

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Page 1

## TESCO PERSONAL FINANCE LIMITED

COMPANY NO. 173199

At an Extraordinary General Meeting of the Company duly convened and held on 12 August 1997 the following resolutions were passed:

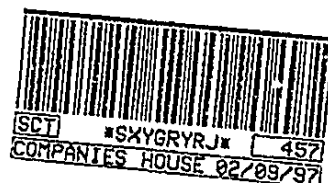
## SPECIAL RESOLUTIONS

1. THAT the Company be hereby empowered, with immediate effect, to sub-divide its issued and unissued shares into shares of a smaller amount.

2. THAT the New Articles of Association (in the form of the print produced with this written resolution, initialled for identification purposes by the Chairman of the board of directors of the Company) be adopted with effect immediate effect as the new Articles of Association of the Company to replace in their entirety, and in full substitution for, the existing Articles of Association of the Company and THAT subject to the resolution numbered 1 being passed, the existing issued and unissued shares in the capital of the Company consisting of 1,000 ordinary shares of £1 each be and hereby are sub-divided into 10,000 ordinary shares of 10p each the rights attaching thereto being set out in the new Articles of Association adopted hereto and THAT the authorised share capital of the Company be hereby increased from £1000 to £8,000,000 by the creation of 79,990,000 ordinary shares of 10p each, the rights attaching to such ordinary shares being set out in the new Articles of Association adopted hereto.

## ORDINARY RESOLUTIONS

3. THAT subject to the resolution numbered 2. being passed, the directors be generally and unconditionally authorised with immediate effect for the purposes of section 80 of the Companies Act 1985 to allot relevant securities (as defined in that section) up to a maximum of 79,999,980 ordinary shares of 10p each, at any time or times during the period expiring at the end of five (5) years from the date on which this resolution is passed provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.



03 - 09 - 97

4. THAT subject to the resolution numbered 2. being passed, the directors be empowered with immediate effect to allot equity securities (as defined in section 94 of the Companies Act 1985) for cash, pursuant to the authority conferred by the resolution numbered 3. above, as if section 89(1) of such Act did not apply to any such allotment provided that this power shall expire at the end of five (5) years from the date on which this resolution is passed and further provided that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.



Alan Mills  
Secretary

Dated 12 August 1997

Registered Office: 42 St Andrew Square, Edinburgh, EH2 2YE

03 - 09 - 97

THE COMPANIES ACT 1985

COMPANY NO.173199

CHAIRMAN

A PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

TESCO PERSONAL FINANCE LIMITED

(Adopted by special resolution  
on 12 August 1997)

PRELIMINARY

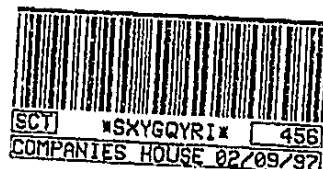
1. The regulations in Table A as in force at the date of incorporation of the Company shall not apply to the Company.
2. In these Articles, except where the subject or context otherwise requires:

*Act* means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force;

*A Director* means any person appointed by the A Shareholder as a director in accordance with the provisions of Article 52;

*articles* means these articles of association as altered from time to time by special resolution;

*A Shareholder* means The Royal Bank of Scotland plc being the holder of A Shares, for so long as it or a Member of the Same Group holds shares in the capital of TPFPG, or any other person acquiring A Shares in accordance with the terms of the Articles of Association of TPFPG as altered from time to time by special resolution of TPFPG;



03 - 09 - 97

*A Shares* means the issued A ordinary shares of 10 pence each in the capital of TPFG;

*B Director* means any person appointed by the B Shareholder as a director in accordance with the provisions of Article 52;

*Board* means the board of directors of the Company or any duly appointed committee thereof;

*B Shareholder* means Tesco plc being the holder of B Shares, for so long as it or a Member of the Same Group holds shares in the capital of TPFG, or any other person acquiring B Shares in accordance with the terms of the Articles of Association of TPFG as altered from time to time by special resolution of TPFG;

*B Shares* means the issued B ordinary shares of 10 pence each in the capital of TPFG;

*Business Day* means a day (other than a Saturday) on which banks generally are open in London and Edinburgh for a full range of business;

*executed* includes any mode of execution;

*Group* means in relation to the Company or a Shareholder, that company and its Subsidiaries and, additionally in the case of the A Shareholder, its holding company;

*holder* in relation to shares means the member whose name is entered in the register of members as the holder of the shares;

*Member of the Same Group* means any Shareholder which is a body corporate and a company which is for the time being a wholly-owned Subsidiary of, or the holding company of a Shareholder;

*office* means the registered office of the Company;

*Ordinary Shares* means ordinary shares of 10 pence each in the capital of the Company;

*seal* means the common seal of the Company;

*secretary* means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;

*Security Interest* means any mortgage, charge, pledge, lien (other than a lien arising by operation of law), right of set-off, encumbrance, retention of title or any security interest whatsoever, howsoever created or arising, including any analogous security interest under local law;

*Shareholders* means the holders of Shares (and *Shareholder* shall be construed accordingly);

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

*Subsidiary* means in relation to an undertaking (the *holding undertaking*), any other undertaking (but in relation to a holding undertaking which is the A Shareholder or the B Shareholder any undertaking other than the Company and its Subsidiaries) in which the holding undertaking (or persons acting on its or their behalf) for the time being directly or indirectly holds or controls either:

- (a) a majority of the voting rights exercisable at general meetings of the members of that undertaking on all or substantially all matters; or
- (b) the right to appoint or remove directors having a majority of the voting rights exercisable at meetings of the board of directors of that undertaking on all, or substantially all, matters,

and any undertaking which is a Subsidiary of another undertaking shall also be a Subsidiary of any further undertaking of which that other is a Subsidiary and Subsidiary shall be construed accordingly;

*TPFG* means Tesco Personal Finance Group Limited, Company Number 173198;

*Transferor* means a member which has transferred or proposes to transfer Shares to a Member of the Same Group;

*the United Kingdom* means Great Britain and Northern Ireland.

Words or expressions contained in these Articles which are not defined in this Article but are defined in the Act have, if not inconsistent with the subject or context, the same meaning as in the Act (but excluding any modification of the Act not in force at the date of adoption of these Articles).

#### SHARE CAPITAL

3.1 The share capital of the Company is £8,000,000 consisting of 80,000,000 Ordinary Shares. The Ordinary Shares shall entitle the holders to the respective rights and privileges, and subject them to the respective

03 - 09 - 97

4

restrictions and provisions, contained in these Articles but save as otherwise provided in these Articles the Ordinary Shares shall rank pari passu in all respects.

3.2 Shares may only be allotted to members once they have been paid up in full as defined in section 738 of the Act.

#### ISSUE AND PURCHASE OF SHARES

4. Subject to the provisions of the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine.

5. Subject to the provisions of the Act, shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the Company or the holder on such terms and in such manner as may be provided by these Articles.

6. Subject to section 80 of the Act, all unissued shares shall be at the disposal of the Directors and Section 89(1) of the Act shall not apply.

7. The Company may exercise the powers of paying commissions conferred by the Act. Subject to the provisions of the Act, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.

8. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and (except as otherwise provided by the articles or by law) the Company shall not be bound by or recognise any interest in any share except an absolute right to the entirety thereof in the holder.

#### SHARE CERTIFICATES

9. Every member, upon becoming the holder of any shares, shall be entitled without payment to one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the directors may determine. Every certificate shall be sealed with the seal or executed by any two (2) directors or any one (1) director and the secretary and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The Company shall not be bound to issue more than one certificate for shares held jointly by several

03 - 09 - 97

persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

10. If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the Company in investigating evidence as the directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

#### TRANSFER OF SHARES

11. All transfers of Shares shall be effected by instrument in writing in any form for the time being authorised by the Stock Transfer Act 1963 (or any statutory modification or re-enactment thereof for the time being in force) or in any other form which the directors may approve.

12. The directors may refuse to register the transfer of a Share unless it is lodged at the office or at such other place as the directors may appoint and is accompanied by the certificate for the Shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.

13. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any Share.

14. No Shareholder shall:

- (a) create or permit to exist any Security Interest in any Shares;
- (b) sell, transfer or otherwise dispose of any Shares or any interest in its Shares (as such term is defined in Part VI of the Act); or
- (c) agree, whether or not subject to any condition precedent or subsequent (or analogous) provisions to do any of the foregoing.

15. A Shareholder may at any time transfer any of the Shares held by it to a Member of the Same Group.

16. If, while it holds Shares in the Company, a Shareholder:

- (a) ceases at any time to be a Member of the Same Group as the Transferor from which (whether directly or by a series of transfers) the Shares which it holds were originally derived; or

03 - 09 - 97

6

- (b) enters into any composition or arrangement with its creditors generally or is unable to pay its debts within the meaning of section 123(1) of the Insolvency Act 1986; or
- (c) is subject to an encumbrancer lawfully taking possession or an administrative receiver is validly appointed over the whole or any material part of its undertaking, property or assets as the case may be; or
- (d) is subject to an order made or resolution passed or a notice issued convening a meeting for the purpose of passing a resolution or any analogous proceedings are taken for the appointment of an administrator of or the winding-up in relation to it as the case may be, other than members' voluntary liquidation solely for the purpose of amalgamation or reconstruction,

(each an *event*) it shall be the duty of such member to notify all the other members in writing prior to such event occurring and such member shall be bound to transfer the Shares which it holds to the Transferor or a Member of the Same Group as the Transferor, any such transfer being deemed to be authorised under the foregoing provisions of this Article, but subject to the provisions of Article 12.

#### ALTERATION OF SHARE CAPITAL

17. The Company may by ordinary resolution:

- (a) increase its share capital by new shares of such amount as the resolution prescribes;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and
- (d) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.



03 - 09 - 97

7

18. Subject to the provisions of the Act the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

#### **PURCHASE OF OWN SHARES**

19. Subject to the provisions of the Act, the Company may purchase its own shares (including any redeemable shares) and make a payment in respect of the redemption or purchase of its own shares otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares.

#### **GENERAL MEETINGS**

20. All general meetings other than annual general meetings shall be called extraordinary general meetings.

21. The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition. If there are not within the United Kingdom sufficient directors to call a general meeting, any director or any member of the Company may call a general meeting.

#### **NOTICE OF GENERAL MEETINGS**

22. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed:

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
- (b) in the case of any other meeting by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right.

The notice shall specify the time and place of the meeting and identify in reasonable detail the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

03 - 09 - 97

8

Subject to the provisions of these Articles and to any restrictions imposed on any shares, the notice shall be given to all the members and to the directors and auditors.

#### PROCEEDINGS AT GENERAL MEETINGS

23. 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 at a general meeting shall consist of two (2) Shareholders each of whom is present in person or by proxy or, in the case of a corporation, by a duly authorised representative.

24. The chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.

25. If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.

26. A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.

27. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

28. A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:

- (a) by the chairman; or

03 - 09 - 97

9

(b) by any member having the right to vote at the meeting.

29. Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

30. The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

31. A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

32. The chairman shall not have a casting vote in the event of equality of votes, whether on a show of hands or on a poll.

33. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

34. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

35. A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more members. In the case of a corporation, a resolution in writing may be signed on its behalf by a director or the secretary thereof or by a duly appointed attorney or duly authorised representative.

03 - 09 - 97

10

## VOTES OF MEMBERS

36. Subject to any rights or restrictions attached to any shares, each member who (being an individual) is present in person or by proxy or (being a corporation) is present by duly authorised representative shall have one vote for every share of which he is the holder.

(2) If at any meetings any holder of shares is not present in person or by proxy, the votes exercisable on a poll in respect of the shares of the same class held by member(s) present in person or by proxy shall be pro tanto increased (fractions of a vote by any member being permitted) so that such shares collectively entitle such member(s) of that class to the same aggregate number of votes as could be cast in respect of all shares of that class if the holders of those shares were present.

37. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of members.

38. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

39. On a poll votes may be given either personally or by proxy. A member may appoint more than one proxy to attend on the same occasion.

40. An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the directors may approve):

## Tesco Personal Finance Limited

I/We, \_\_\_\_\_, of \_\_\_\_\_  
 \_\_\_\_\_ being a member/members of the above-named Company,  
 hereby appoint \_\_\_\_\_ of \_\_\_\_\_, or  
 failing him, \_\_\_\_\_ of \_\_\_\_\_ as my/our  
 proxy to vote in my/our names[s] and on my/our behalf at the  
 annual/extraordinary general meeting of the Company to be held on \_\_\_\_\_  
 \_\_\_\_\_ 19\_\_\_\_, and at any adjournment thereof. Signed on \_\_\_\_\_  
 \_\_\_\_\_ 19\_\_\_\_.

03 - 09 - 97

11

Where it is desired to afford members an opportunity of instructing the proxy how he shall act the instrument appointing a proxy shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the directors may approve):

**Tesco Personal Finance Limited**

I/We, \_\_\_\_\_, of \_\_\_\_\_  
 \_\_\_\_\_ being a member/members of the above-named Company, hereby  
 appoint \_\_\_\_\_ of \_\_\_\_\_  
 \_\_\_\_\_, or failing him \_\_\_\_\_ of \_\_\_\_\_  
 \_\_\_\_\_, as my/our proxy to vote in my/our name[s] and on my/our  
 behalf at the annual/extraordinary general meeting of the Company, to be  
 held on \_\_\_\_\_ 19\_\_\_\_, and at any adjournment thereof.

This form is to be used in respect of the resolutions mentioned below as follows:

Resolution No.1 \*for\*against

Resolution No.2 \*for\*against.

\*Strike out whichever is not desired.

Unless otherwise instructed, the proxy may vote as he thinks fit or abstain from voting.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_

41. The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notariially or in some other way approved by the directors may:

- (a) be deposited at the office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than one hour before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
- (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and before the time appointed for the taking of the poll; or
- (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the

03 - 09 - 97

12

poll was demanded to the chairman or to the secretary or to any director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

42. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

#### NUMBER OF DIRECTORS

43. The directors shall be not more than ten (10) in number of whom not more than five (5) shall be A Directors and not more than five (5) shall be B Directors. The first directors shall consist of four persons who shall be designated as A Directors (and shall be deemed to have been appointed under Article 52(1) by the A Shareholder) and four persons who shall be designated as B Directors (and shall be deemed to have been appointed under Article 52(2) by the B Shareholder).

#### ALTERNATE DIRECTORS

44. Any director (other than an alternate director) may appoint any other director, or any other person approved by resolution of the directors and willing to act, to be an alternate director and may remove from office an alternate director so appointed by him.

45. An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member, to attend and vote at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence but shall not be entitled to receive any remuneration from the Company for his services as an alternate director. But it shall not be necessary to give notice of such a meeting to an alternate director who is absent from the United Kingdom. A director or any other person may act as an alternate director to represent more than one director, and an alternate director shall be entitled at meetings of the directors or any committee of the directors to one vote for every director whom he represents in addition to his own vote (if any) as a director,

03 - 09 - 97

13

but he shall count as only one for the purpose of determining whether a quorum is present.

46. An alternate director shall cease to be an alternate director if his appointor ceases to be a director. The appointment of an alternate director shall also terminate automatically on the happening of any event which if he were a director would cause him to vacate his office as director.

47. Any appointment or removal of an alternate director shall be by notice to the Company signed by the director making or revoking the appointment and shall take effect in accordance with the terms of the notice, subject to any approval required by Article 44, on receipt of such notice of the registered office of the Company.

48. Save as otherwise provided in these Articles, an alternate director shall be deemed for all purposes to be a director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

#### POWERS OF DIRECTORS

49. Subject to the provisions of the Act, the Memorandum and these Articles and to any directions given by special resolution, the business of the Company shall be managed by the directors who may exercise all the powers of the Company. No alteration of the Memorandum or these Articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the directors by these Articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

50. The directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

#### DELEGATION OF DIRECTORS' POWERS

51. The directors may delegate any of their powers to any committee consisting of an equal number of A Directors and B Directors. They may also delegate to any managing director or any director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the directors may impose, and either collaterally with or to the

03 - 09 - 97

exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the articles regulating the proceedings of directors so far as they are capable of applying.

#### APPOINTMENT AND REMOVAL OF DIRECTORS

52(1) The A Shareholder shall be entitled at any time and from time to time to appoint a total of five (5) directors as A Directors and to remove or replace any director so appointed but so that not more than one-half of the maximum number of directors for the time being authorised shall at any one time hold office by virtue of appointment by the A Shareholder.

(2) The B Shareholder shall be entitled at any time and from time to time to appoint a total of five (5) directors as B Directors and to remove or replace any director so appointed but so that not more than one-half of the maximum number of directors for the time being authorised shall at any one time hold office by virtue of appointment by the B Shareholder.

(3) Every appointment and removal of a director under paragraphs (1) and (2) of this Article shall be effected by notice to the Company in writing signed by or on behalf of the A Shareholder or the B Shareholder, as the case may be, by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative and shall take effect immediately upon receipt of such notice at the registered office of the Company or as and from such date (if any) thereafter as may be specified in such notice subject, in the case of an appointment, to the A Shareholder and the B Shareholder obtaining the prior consent of the other to such appointment (such consent not to be unreasonably withheld or delayed) and provided that, where such appointment or removal gives rise to an obligation to give prior notice to or obtain consent from any regulatory agency or authority, the appointment or removal will be conditional upon such notice having been given or such consent having been obtained.

(4) A director appointed under paragraphs (1) or (2) of this Article may provide to the A Shareholder or the B Shareholder (as the case may be) which appointed him any information which he receives by virtue of his being a director.

(5) The directors shall not be subject to retirement by rotation.



03 - 09 - 97

**DISQUALIFICATION AND REMOVAL OF DIRECTORS**

53. The office of a director shall be vacated if he is an A Director and is removed from office by the A Shareholder or if he is a B Director and is removed from office by the B Shareholder and in addition if:

- (a) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (c) he is, or may be, suffering from mental disorder and either:
  - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
  - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
- (d) he resigns his office by notice to the Company; or
- (e) he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated.

**REMUNERATION OF DIRECTORS**

54. The directors shall be entitled to such remuneration as the Company may by ordinary resolution determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

55. Any director who serves on any committee, or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, commission or otherwise as the directors may determine.

**DIRECTORS' EXPENSES**

56. The directors may be paid all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of

03 - 09 - 97

16

directors or committees of directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

#### DIRECTORS' APPOINTMENTS AND INTERESTS

57.(1) Subject to the provisions of the Act and to paragraphs (2) and (3) below, the directors may appoint one or more of their number to the office of managing director or to any other executive office under the Company and may enter into an agreement or arrangement with any director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the Company.

(2) The A Shareholder shall have the right to appoint one of the A Directors, from time to time, as and remove the chief executive of the Company. Any appointment or removal of the chief executive shall be effected by notice in writing to the Company signed by or on behalf of the A Shareholder subject, in the case of an appointment, to the A Shareholder having first obtained the consent of the B Shareholder to such appointment (such consent not to be unreasonably withheld or delayed) and shall take effect, subject to any contrary intention expressed in the notice, when the notice effecting the same is delivered to the Company.

(2) The B Shareholder shall have the right to appoint one of the B Directors, from time to time, as and remove the chairman of the Company. Any appointment or removal of the chairman shall be effected by notice in writing to the Company signed by or on behalf of the B Shareholder subject, in the case of an appointment, to the B Shareholder having first obtained the consent of the A Shareholder to such appointment (such consent not to be unreasonably withheld or delayed) and shall take effect, subject to any contrary intention expressed in the notice, when the notice effecting the same is delivered to the Company.

58. Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:

03 - 09 - 97

17

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
- (c) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

59. For the purposes of Article 58:

- (a) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class or persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and
- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

60. A director may vote at any meeting of the directors or a committee of the directors on any resolution concerning a transaction or arrangement with the Company or in which the Company is interested, or concerning any other matter in which the Company is interested, notwithstanding that he is interested in that transaction, arrangement or matter or has in relation to it a duty which conflicts or may conflict with the interests of the Company.

#### GRATUITIES, PENSIONS AND INSURANCE

61.(1) The directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a Subsidiary of the Company or a predecessor in business of the Company or of any such Subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute

03 - 09 - 97

18

to any fund and pay premiums for the purchase or provision of any such benefit.

(2) Without prejudice to the provisions of Article 86, the directors shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees of the Company, or of any other company which is its holding company or in which the Company or such holding company has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any subsidiary undertaking of the Company or any such other company, or who are or were at any time trustees of any pension fund in which employees of the Company or any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution or discharge of their duties or in the exercise or purported exercise of their powers or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking or pension fund.

(3) Without prejudice to the generality of Article 58, no director or former director shall be accountable to the Company or the members for any benefit provided pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.

(4) Pursuant to section 719 of the Act, the directors are hereby authorised to make such provision as may seem appropriate for the benefit of any persons employed or formerly employed by the Company or any of its Subsidiaries in connection with the cessation or the transfer of the whole or part of the undertaking of the Company or any Subsidiary. Any such provision shall be made by a resolution of the directors in accordance with the said section.

#### PROCEEDINGS OF DIRECTORS

62. Subject to the provisions of these Articles the directors may regulate their proceedings as they think fit. Any director may, and the secretary shall at the request of any director, summon a meeting of the directors. At least 14 days written notice of every meeting of the directors shall be given (unless the written approval one of the A Directors and one of the B Directors nominated for this purpose in writing by the A Shareholder and the B Shareholder respectively from time to time is obtained). Any such notice shall contain, *inter alia*, an agenda identifying in reasonable detail the matters to be discussed at the meeting and shall be accompanied by copies of any

03 - 09 - 97

relevant papers to be discussed at the meeting. Any matter which is to be submitted to the board for a decision which is not identified in reasonable detail as aforesaid shall not be decided upon, unless otherwise agreed in writing by one of the A Directors and one of the B Directors nominated for this purpose in writing by the A Shareholder and the B Shareholder respectively from time to time. Matters for decision by the board shall be decided by a simple majority vote. Each director shall have one vote, provided always that if the A Shareholder and the B Shareholder are not represented at any meeting of the board by an equal number of directors (whether present in person or by alternate), then one of the directors so present nominated by the party which is represented by the fewer directors shall be entitled at that meeting to such additional vote or votes as shall result in the directors so present representing each party having in aggregate an equal number of votes.

63. The quorum for the transaction of the business of the directors shall be one of the A Directors and one of the B Directors nominated for this purpose in writing by the A Shareholder and the B Shareholder respectively from time to time each of whom must be present throughout the meeting.

64. The continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but, if the number of directors is reduced below the quorum prescribed by Article 63, the continuing directors or director may act only for the purpose of convening a general meeting.

65. The director appointed to be the chairman of the board of directors shall preside at every meeting of directors at which he is present but in the absence of such a director, or if such director is unwilling to preside or is not present within five (5) minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting. The chairman shall not have a second or casting vote.

66. All acts done by a meeting of directors at which a quorum was present, or of a committee of directors, or by a person acting as a director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

67. A committee of directors may meet and adjourn as it sees fit. The provisions in Article 68 applicable to meetings of directors shall apply, mutatis mutandis, to meetings of any committee of directors.

03 - 09 - 97

20

68. A resolution which has been agreed upon by all the directors for the time being entitled to receive notice of a meeting of the directors or of a committee of the directors shall, provided that such directors include one of the A Directors and one of the B Directors nominated for this purpose in writing by the A Shareholder and the B Shareholder respectively from time to time, be as valid and effectual as if it had been passed at a meeting of the directors or (as the case may be) at a committee of the directors duly convened and held and for this purpose:

- (a) a resolution to which an alternate director has agreed need not also be agreed to by his appointor; and
- (b) a resolution to which a director who has appointed an alternate director has agreed need not also be agreed to by the alternate director in that capacity.

69. Without prejudice to the first sentence of Article 62, a meeting of the directors or of a committee of the directors may consist of a conference between directors who are not all in one place, but of whom each is able (directly or by telephonic communication) to speak to each of the others, and to be heard by each of the others simultaneously; and the word "meeting" in these Articles shall be construed accordingly.

#### SECRETARY

70. Subject to the provisions of the Act, the secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit and any secretary so appointed may be removed by them.

#### MINUTES

71. The directors shall cause minutes to be made in books kept for the purpose:

- (a) of all appointments of officers made by the directors; and
- (b) of all proceedings at meetings of the Company, of the holders of any class of shares in the Company, and of the directors, and of committees of directors, including the names of the directors present at each such meeting.

#### THE SEAL

72.(1) The seal shall only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and

03 - 09 - 97

unless otherwise so determined it shall be signed by a director and by the secretary or by a second director.

(2) Where the Act so permits, any instrument signed with the authority of a resolution of the directors or a committee of the directors by one (1) director and the secretary or by two (2) directors and expressed to be executed by the Company as a deed shall have the same effect as if executed under the seal, provided that no instrument which makes it clear on its face that it is intended by the persons making it to have effect as a deed shall be signed without the authority of the directors.

(3) A document which is executed by the Company as a deed shall not be deemed to be delivered by the Company solely as a result of its having been executed by the Company.

#### DIVIDENDS

73. Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.

74. Subject to the provisions of the Act, the directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

75. A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the

03 - 09 - 97

value so fixed in order to adjust the rights of members and may vest any assets in trustees.

76. Any dividend or other moneys payable in respect of a share may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the Company. Any joint holder may give receipts for any dividend or other moneys payable in respect of the share.

77. No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

78. Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the Company.

#### CAPITALISATION OF PROFITS

79. The directors may with the authority of an ordinary resolution of the Company:

- (a) subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve;
- (b) appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other; but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this regulation, only



03 - 09 - 97

23

be applied in paying up unissued shares to be allotted to members credited as fully paid;

- (c) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this regulation in fractions; and
- (d) authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

#### NOTICES

80. Any notice to be given to or by any person pursuant to these Articles shall be in writing.

81. The Company may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders. A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the Company.

82. A member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

83. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been duly given to a person from whom he derives his title.

84. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted.

03 - 09 - 97

#### WINDING UP

85. If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

#### INDEMNITY

86. Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application 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.