



THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

PROGRESSIVE FINANCIAL SERVICES LIMITED

(Adopted on 4 March 2004)

PRELIMINARY

- (a) The regulations contained in Table A in the schedule to the Companies (Tables A to F) Regulations 1985 (SI 1985 No. 805) as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (SI 1985 No. 1052) (such Table being hereinafter called "Table A") shall apply to the Company save in so far as they are excluded or varied hereby and such regulations (save as so excluded or varied) and the provisions set out below shall be the articles of association of the Company.
- (b) In these articles the expression "the Act" means the Companies Act 1985, but so that any reference in these articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

1 A. 1 SHARE CAPITAL

The share capital of the Company as at the date of the latest amendment to these Articles of Association is [£101,605,000 plus amount of new increase] divided into:

1A.1.1 100,000,000 ordinary shares of £1 each and 500,000 ordinary shares of

£0.01 each (together, the "**Ordinary Shares**");

- 1A.1.2 10,000,000 "A" preference shares of £0.01 each (the "**A Preference Shares**");
- 1A.1.3 25,000,000 "B" preference shares of £0.01 each (the "**B Preference Shares**"); and
- 1A.1.4 150,000,000 irredeemable preference shares of £0.01 each (the "**Irredeemable Preference Shares**").

1A.2 RIGHTS ATTACHING TO "A" PREFERENCE SHARES AND "B" PREFERENCE SHARES

- 1 A.2.1 The holders of "B" Preference Shares shall be entitled, in priority to the holders of any other class of share in the Company's share capital, to receive out of the profits of the Company available for distribution, on or after the third day after the first allotment and issue of the "B" Preference Shares (the "B" Issue Date"), a single non-cumulative special dividend (the "**B Special Dividend**") per "B" Preference Share equal to £0.99 plus Z (for each day from and including the B Issue Date until and including the date that the "B" Special Dividend is paid), where

Z equals £0.99 multiplied by X; and

X equals the 6 month sterling LIBOR rate as quoted in the Financial Times for the relevant day and divided by 360.

A holder of "B" Preference Shares shall be entitled to make a call for the "B" Special Dividend at any time on or following the 56th day after the first allotment and issue of the "B" Preference Shares. Such call shall be made by serving a written notice on the Company to that effect. The date of such notice shall be deemed to be the date of the call and the due date of the dividend.

- 1A.2.2 The holders of "A" Preference Shares and "B" Preference Shares shall, ranking pari passu in all respects, be entitled, in priority to the holders of any other class of share in the Company's share capital to a cumulative dividend at the rate of 6 month sterling LIBOR (as defined below) per annum on the amount for the time being paid up (or credited as paid up) as to nominal value (excluding, for the avoidance of doubt, any premium paid on any "A" Preference Share or any "B" Preference Share) on each "A" Preference Share and "B" Preference Share held (the "**Cumulative Dividend**"). This dividend shall accrue on a daily basis and shall be payable on 15 July and 15 January (or if such date is not a Business Day on the next following Business Day) in each year in respect of the 6 month period ended on that date, save that the first such payment in respect of any "B" Preference Shares held shall not be made until 15 July 2004 in respect of the period from the "B" Issue Date until 15 July 2004. (and for the avoidance of doubt the first such payment after the adoption of this article in respect of the "A" Preference Shares shall be made in respect of the six month period ending 15 July 2004). For the purposes of this article 1. A.2.2, a "Business Day" shall mean any day (other than a Saturday or a Sunday) on which banks are open for general interbank business in London and "LIBOR" shall have the meaning given in article 1A.2.1. above but shall be the relevant rate at or about 11am on the date that is

two London banking days preceding the first day of the relevant calculation period.

- 1A.2.3 The "B" Special Dividend shall be paid to the holders of the "B" Preference Shares whose names appear on the relevant register of members at 12 noon on the date that the relevant "B" Special Dividend is called for by a holder of "B" Preference Shares or the relevant "B" Special Dividend is declared by the Company, as applicable.
- 1A.2.4 The Cumulative Dividend shall be paid to the holders of the "A" Preference Shares and the "B" Preference Shares whose names appear on the relevant register of members at 12 noon on the date that the relevant Cumulative Dividend is declared by the Company.
- 1A.2.5 Unless the Company has insufficient profits available for distribution and the Company is thereby prohibited from paying dividends by the Act, or unless payment of the Cumulative Dividends would have the effect of depriving the Company of sufficient cash resources prudently to carry on business, the Cumulative Dividends shall be paid immediately on their respective due dates.
- 1A.2.6 On a distribution of assets of the Company among its members on a winding up or other return of capital (other than a redemption or purchase by the Company of its own shares), the holders of the "B" Preference Shares shall be entitled, in priority to any holder of any other class of shares, to receive a sum equal to any arrears and accruals of the "B" Special Dividend (whether earned or declared or not) payable on such shares calculated up to and including the date of the commencement of the winding up or (in any other case) the date of the return of capital.
- 1A.2.7 On a distribution of assets of the Company among its members on a winding up or other return of capital (other than a redemption or purchase by the Company of its own shares), the holders of the "A" Preference Shares and the "B" Preference Shares shall, ranking *pari passu* in all respects (but subject as provided in article 1A.2.6., be entitled, in priority to any holder of any other class of shares, to receive an amount equal to the aggregate of the capital paid up or credited as paid up as to nominal value on each "A" Preference Share and each "B" Preference Share (excluding, for the avoidance of doubt, any premium paid on any "A" Preference Share or on any "B" Preference Share) together with a sum equal to any arrears and accruals of the Cumulative Dividend (whether earned or declared or not) payable on such share calculated up to and including the date of the commencement of the winding up or (in any other case) the date of the return of capital.
- 1A.2.8 Save as provided in articles 1A.2.1 to 1A.2.7 the holders of the "A" Preference Shares and the "B" Preference Shares shall not be entitled to any participation in the profits or assets of the Company.
- 1 A.2.9 The holders of "A" Preference Shares shall, by virtue of and in respect of their holdings of "A" Preference Shares, have the right to receive notice of, attend, speak and vote at a general meeting of the Company only if a resolution is to be proposed:
- (a) abrogating, varying or modifying any of the rights or privileges of the holders of the "A" Preference Shares (in

which case they shall only be entitled to vote on such resolution); or

(b) in respect of winding up on the Company,

or if any Cumulative Dividend has been duly declared at a meeting of the members or directors of the Company but not paid.

1A.2.10 The holders of "B" Preference Shares shall, by virtue of and in respect of their holdings of "B" Preference Shares, have the right to receive notice of, attend, speak and vote at a general meeting of the Company only if a resolution is to be proposed:

(a) abrogating, varying or modifying any of the rights or privileges of the holders of the "B" Preference Shares (in which case they shall only be entitled to vote on such resolution); or

(b) in respect of a winding up of the Company, or if the "B" Special Dividend or any Cumulative Dividend has been duly declared at a meeting of the members or directors of the Company but not paid.

1A.2.11 Except in the circumstances set out above, holders of the "A" Preference Shares and the "B" Preference Shares shall not have the right to receive notice of, attend, speak or vote at any general meeting of the Company.

RIGHTS ATTACHING TO IRREDEEMABLE PREFERENCE SHARES

1A.3.1 Dividends

(a) As to income, the Irredeemable Preference Shares shall confer upon the holders thereof the right in priority to any payment by way of dividend of the Company, other than to the holders of the "A" Preference Shares and the "B" Preference Shares, to receive a cumulative preferential dividend (the "Preferential Dividend").

(b) The Preferential Dividend shall for every twelve month period in respect of each Irredeemable Preference Share from time to time in issue be:

$$((A + 4.68\%) \times 100 \times £0.01)$$

where A is as defined in 1A.3.1(d) below.

(c) Subject to Part VIII of the Act, the Preferential Dividend shall:

(i) be paid in arrears at twelve monthly intervals on each anniversary of the date of the first issue by the Company of any Irredeemable Preference Shares (the "Dividend Reference Date"); and

(ii) without any resolution of the Directors or the Company in General Meeting (and notwithstanding anything

contained in Regulations 102 to 108 (inclusive) of Table A) accrue from day to day and on each such Dividend Reference Date become a debt due from and immediately payable by the Company to the holders of the Irredeemable Preference Shares pro rata according to the number of Irredeemable Preference Shares held by each such shareholder, as the case may be.

- (d) For the purpose of article 1A.3.1(b) above 'A' shall be equal to twelve month sterling LIBOR expressed as a percentage, being:
 - (i) the rate per annum of the offered quotation for twelve month sterling deposits of and in an amount equal or comparable to the aggregate market value on the date of issue of all of the issued Irredeemable Preference Shares in the capital of the Company as at the date falling thirty days prior to the date of first issue by the Company of any Irredeemable Preference Shares (for the period from such date until the day before the first Dividend Reference Date) or the relevant Dividend Reference Date (for all subsequent periods beginning on such Dividend Reference Date and ending on the day before the next following Dividend Reference Date), which appears on Telerate Page 3740 or 3750 (or any replacement page on the Telerate service) at or about 11.00am on the relevant date; or
 - (ii) if no such display rate is then available for such sterling deposits, then the arithmetic mean (rounded up, if necessary, to the nearest four decimal places with the mid-point rounded up) of the rates notified to the Company at the Company's request by each of two Clearing Banks to leading banks in the London interbank market at or about 11.00am (London time) thirty days prior to the relevant Dividend Reference Date (or the date of first issue by the Company of any Irredeemable Preference Shares, as the case may be) for twelve month sterling deposits in an amount equal or comparable to the aggregate market value on the date of issue of all of the issued Irredeemable Preference Shares in the capital of the Company as at the relevant Dividend Reference Date, and for the purposes of this article a "Clearing Bank" shall be any of Royal Bank of Scotland plc, Lloyds TSB plc, Barclays Bank plc and HSBC plc;
 - (iii) if, in respect of any Dividend Reference Date (or the date of first issue by the Company of any Irredeemable Preference Shares, as the case may be):
 - (a) no (or only one) Clearing Bank notifies a rate to the Company in response to the Company's request as contemplated by paragraph (ii) above; or
 - (b) on the basis of notification from one or more Clearing Banks, the Company determines that either twelve month sterling

deposits are not available in the London Inter-Bank Market at or about 11.00am (London time) thirty days prior to the relevant Dividend Reference Date (or the date of first issue by the Company of any Irredeemable Preference Shares, as the case may be) in an amount equal or comparable to the aggregate market value on the date of issue of all of the issued Irredeemable Preference Shares in the capital of the Company as at the relevant Dividend Reference Date or the rates notified by the Clearing Banks do not accurately reflect the cost to such Clearing Banks of obtaining such deposits; or

- (c) The Company determines that, by reason of circumstances affecting the London Inter-Bank Market, adequate or fair means do not or will not exist for determining the rate applicable for twelve month sterling deposits, the Company shall promptly notify every holder of Irredeemable Preference Shares and negotiate with the holders of Irredeemable Preference Shares an alternative basis for calculating the value of 'A'.
- (iv) If an alternative basis for calculating the value of 'A' is not agreed among the Company and the holders of Irredeemable Preference Shares within 10 days of the Company becoming aware that the conditions in (iii) above are satisfied, the value of 'A' shall be determined by an independent bank appointed by agreement between the Company and the holders of Irredeemable Preference Shares or, in the event of a failure to reach such an agreement, appointed on the application of the Company or any holder of Irredeemable Preference Shares by the President for the time being of the Law Society of England and Wales.
- (d) The Irredeemable Preference Shares shall not confer upon the holders thereof any right to participate in the profits of the Company beyond the Preferential Dividend.

1A.3.3 Capital

- (a) On a distribution of assets on a winding up or other return of capital, the surplus assets of the Company remaining after payment of its liabilities shall be paid in the following order of priority:
 - (i) first, in paying to the holders of the "B" Preference Shareholders any amount of the "B" Special Dividend due but unpaid on the date of the distribution or return;
 - (ii) second, in paying all amounts to which the holders of the "A" Preference Shares and the "B" Preference Shares are entitled in priority to the holders of any other class of shares;
 - (iii) third, in repaying to the holders of Irredeemable Preference Shares the nominal value paid up on each such Irredeemable Preference Share held by them on the date of the distribution or other return;

- (iv) [fourth, in paying to the holders of Irredeemable Preference Shares any amount of the Preferential Dividend due but unpaid on the date of the distribution or other return];
 - (v) fifth, in paying to the holders of Irredeemable Preference Shares £0.99 per each Irredeemable Preference Share held by them on the date of the distribution or other return; and
 - (vi) thereafter, any surplus shall be paid to the holders of Ordinary Shares pro rata.
- (b) The Irredeemable Preference Shares shall not confer upon the holders thereof any further right to participate in the assets of the Company available for distribution among the members of the Company.

1A.3.4 Voting

The Irredeemable Preference Shares shall not confer upon the holder thereof any right to receive notice of, attend or vote at a General Meeting."

ALLOTMENT OF SHARES

- 2. (a) All shares in the capital of the Company from time to time shall be under the control of the directors who may (subject to section 80 of the Act) allot, grant options over or otherwise dispose of the same, to such persons, on such terms and in such manner as they think fit.
- (b) In accordance with section 91(1) of the Act, sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the Company.

GENERAL MEETINGS AND RESOLUTIONS

- 3 Every notice convening a general meeting shall comply with the provisions of section 372(3) of the Act as to giving information to members in regard to their right to appoint proxies; and notices of and other communications relating to any general meeting which any member is entitled to receive shall be sent to the directors and to the auditors for the time being of the Company,
- 4 A proxy shall be entitled to vote on a show of hands and regulation 54 of Table A shall be modified accordingly.
- 5 (a) If a quorum is not present within half an hour from the time appointed for a general meeting the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the directors may determine; and if at the adjourned general meeting a quorum is not present within half an hour from the time appointed therefor such adjourned general meeting shall

be dissolved.

(b) Regulation 41 of Table A shall not apply to the Company.

- 6 A resolution in writing in accordance with regulation 53 of Table A shall be deemed to have been executed on behalf of a corporation if signed by one of its directors or its secretary. In the case of a share held by joint holders the signature of any one of them shall be sufficient for the purposes of that regulation.

APPOINTMENT OF DIRECTORS

7 (a) Regulation 64 of Table A shall not apply to the Company.

(b) The maximum number and minimum number respectively of the directors may be determined from time to time by ordinary resolution in general meeting of the Company. Subject to and in default of any such determination there shall be no maximum number of directors and the minimum number of directors shall be one. Whensoever the number of directors holding office shall be one, the sole director shall have authority to exercise all the powers and discretions by Table A and by these articles expressed to be vested in the directors generally, and regulation 89 of Table A shall be modified accordingly.

(c) The directors shall not be required to retire by rotation and regulations 73 to 80 (inclusive) of Table A shall not apply to the Company.

(d) without prejudice to the powers of the Company under section 303 of the Act to remove a director by ordinary resolution, the holder or holders for the time being of more than 50 per cent of the issued ordinary shares of the Company shall have the power from time to time and at any time to appoint any person or persons as a directors or directors and to remove from office any director howsoever appointed. Any such appointment or removal shall be effected by notice in writing signed by the member or members making the same or in the case of a member being a corporation signed on its behalf by one of the directors or its secretary and shall take effect upon being lodged at the registered office of the Company.

(e) The directors may appoint a person who is willing to act to be 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 determined in accordance with paragraph (b) above as the maximum number of directors for the time being in force

(f) Unless and until otherwise determined by the Company by ordinary resolution either generally or in any particular case no director shall vacate or be required to vacate his office as a

director on or by reason of his attaining or having attained the age of seventy and any person proposed to be appointed a director shall be capable of being appointed as a director notwithstanding that he has attained the age of seventy and no special notice need be given of any resolution for the appointment as a director of a person who shall have attained the age of seventy and it shall not be necessary to give to the members notice of the age of any director or person proposed to be appointed as such.

BORROWING POWERS

- 8 The directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into shares) to section 80 of the Act to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

ALTERNATE DIRECTORS

- 9 (a) An alternate director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, and the first sentence of regulation 66 of Table A shall be modified accordingly.
- (b) A director may appoint any person willing to act as his alternate and regulation 65 of Table A shall be modified accordingly and such person may represent more than one director. An alternate director shall be entitled at any meeting of the directors or of any committee of the directors to one vote for every sector whom he represents in addition to his own vote (if any) as a director, but he shall count as only one for the purpose of determining whether a quorum is present.
- (c) If the appointor of an alternate director is not available the signature of the alternate director to any resolution in writing of the directors shall be as effective as the signature of the appointor. An alternate director shall be deemed to be a director for the purpose of signing instruments to which the seal is affixed and article 13(a) shall be read accordingly.

GRATUITIES AND PENSIONS

10. (a) The directors may exercise the power of the Company conferred by clause 3.15 of the memorandum of association of the Company and shall be entitled to retain any benefit received by them or any of them by reason of the exercise of any such powers.
- (b) Regulation 87 of Table A shall not apply to the Company.

PROCEEDINGS OF DIRECTORS

11. (a) A director may vote at any meeting of the directors or of any committee of the directors on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever, and if he shall vote on any such resolution as aforesaid his vote shall be counted; and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting.
- (b) Regulations 94 to 97 (inclusive) of Table A shall not apply to the Company. Any director or member of a committee of the board of directors may participate in a meeting of the directors or such committee by means of conference telephone or other means of electronic communication whereby all the persons participating in a meeting can hear each other and any director so participating shall be deemed to be present in person at such meeting and may vote and be counted in the quorum therefor.

NOTICES

12. Any notice required by these articles to be given by or to the Company may be given by any visible form on paper including telex and facsimile transmission and a notice communicated by such forms of immediate transmission shall be deemed to be given at the time it is transmitted to the person or company to whom it is addressed. Regulations 111 and 112 of Table A shall be amended accordingly.

THE SEAL

- 13 (a) If the Company has a seal it shall only be used with the authority of the directors or of a committee of directors. The directors may determine who shall

sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or a second director. The obligation under regulation 6 of Table A relating to the sealing of share certificates shall apply only if the Company has a seal. Regulation 101 of Table A shall not apply to the Company.

- (b) The Company may exercise the powers conferred by section 39 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the directors.

INDEMNITY

- 14. (a) Every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 144 or section 727 of the Act in which relief is granted to him by the Court, and no director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this article shall only have effect in so far as its provisions are not avoided by section 310 of the Act.
- (b) The directors shall have power to purchase and maintain for any director, officer or auditor of the Company insurance against any such liability as is referred to in section 310(1) of the Act.
- (c) Regulation 118 of Table A shall not apply to the Company.