

**THE COMPANIES ACT 1985  
COMPANY LIMITED BY SHARES**

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**RESOLUTIONS  
of  
MANSELL plc**

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**Passed 5 February 1998**

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At an Extraordinary General Meeting of the Company, duly convened and held on 5 February 1998, the following Resolutions were duly passed, Resolutions Nos. 1 and 2 being duly passed as Ordinary Resolutions, and Resolutions Nos. 3 and 4 being duly passed as Special Resolutions:

**ORDINARY RESOLUTION**

**1 THAT**

- (a) Subject to and conditional on the passing of the Extraordinary Resolutions set out in the Notices dated 9 January 1998, convening meetings of, respectively, the holders of the Cumulative Convertible Participating Preferred Ordinary Shares of 25 pence each of the Company ("the Preferred Ordinary Shares") and the holders of the Ordinary Shares of 25 pence each of the Company ("the Ordinary Shares"), the authorised share capital of the Company be increased from £10,000,000 to £15,000,000 by the creation of 20,000,000 "A" Ordinary Shares of 25 pence each;
- (b) the Directors be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £5,000,000 for a period of five years from the date of the passing of this Resolution but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry;
- (c) all previous authorities given by the Company in general meeting (other than those given in general meetings on 28 March 1996 and 14 August 1997) pursuant to section 80 of the Act be and they are hereby revoked (provided that such revocation shall not have retrospective effect); and
- (d) every consolidation, sub-division and re-classification of shares in the capital of the Company as may be determined upon by the Directors of the Company for the

purposes of the conversion of any "A" Ordinary Shares be and it is hereby authorised.

2. THAT subject to and conditional on the passing of Resolutions Nos. 3 and 4 and the passing of the Extraordinary Resolution set out in the Notice dated 9 January 1998 convening a meeting of the holders of the Preferred Ordinary Shares, the Directors be and they are hereby authorised to allot up to 20,000,000 "A" Ordinary Shares other than in accordance with the provisions relating to the allotment of shares set out in Article 6(C) and Article 47 of the Company's Articles of Association.

### SPECIAL RESOLUTIONS

3. THAT, subject to and conditional on the passing of Resolution No.1, the Directors be and they are hereby empowered, pursuant to Section 95 of the Act, to allot equity securities pursuant to the authority contained in Resolution No. 1 as if Section 89(1) of the Act did not apply to such allotment.

4. THAT, subject to and conditional on the passing of the Extraordinary Resolutions set out in the Notices dated 9 January 1998, convening meetings of, respectively the holders of the Preferred Ordinary Shares and the holders of the Ordinary Shares, that notwithstanding Article 47 of the existing Articles of Association of the Company, such Articles be amended by:

- (a) the deletion of the existing Article 3 and the substitution therefor of the following new Articles 3 to 5:

"3 The share capital of the Company as at the date of the amendment of this Article is £15,000,000 divided into 799,322 Cumulative Convertible Participating Preferred Ordinary Shares of 25 pence each (hereinafter called "the Preferred Ordinary Shares") 23,469,174 Ordinary Shares of 25 pence each (hereinafter called "the Ordinary Shares"), 20,000,000 "A" Ordinary Shares of 25 pence each (hereinafter called the "A" Ordinary Shares") and 15,731,504 unclassified shares of 25 pence each.

- 4 The rights attached to the "A" Ordinary Shares are as follows:

(A) Dividends and capital

- 1) To the extent that payment thereof out of profits would be lawful and subject as otherwise provided herein, the holders of the "A" Ordinary Shares shall be entitled to receive, in priority to the holders of any other class of share, and the Company shall pay, a fixed cumulative preferential dividend ("the "A" Ordinary Dividend") at the Dividend Rate (as hereinafter defined) (exclusive of any associated tax credit) in respect of each "A" Ordinary Share which shall accrue on a daily basis and shall be paid in respect of the amount paid up on such shares by two equal instalments (exclusive as aforesaid) on 31 May and 30 November in each year, the first payment being made on 31 May 1998 and calculated in respect of the period commencing on the date of issue of such "A" Ordinary Shares until 31 May 1998 and provided further thereafter, that the profits and reserves distributable in respect of any such period shall be applied in the first place in

paying the arrears (if any) of the "A" Ordinary Dividend outstanding at the relevant time. The "A" Ordinary Dividend shall accrue day by day and be payable without any resolution of the Directors. If any such dividend is not paid on the due date as specified above interest shall accrue and be payable half-yearly on the amount of such dividend at the base rate from time to time of the Royal Bank of Scotland plc and, failing such payment, shall be compounded with half-yearly rests from such date until payment;

- 2) Each holder of "A" Ordinary Shares shall be entitled, in priority to the holders of any other class of share, to receive out of the assets of the Company available for distribution among the members, in a winding up of the Company or other return of capital by the Company, an amount in respect of each "A" Ordinary Share held equal to the amount paid up thereon together with all arrears and accruals of the fixed dividend and/or interest payable thereon (whether earned or declared or not) calculated up to and including the date of the resolution for the winding up of the Company or (as the case may be) the date of the order of the Court for such winding up or (in the case of any other return of capital by the Company) the date on which the distribution, transfer or other payment in respect of such return of capital is made, but with no further right to participate in the profits or assets of the Company.

(B) Conversion

- a) Subject to Articles 4(B)(c) and (d), immediately prior to a Listing, the Company shall convert all "A" Ordinary Shares then in issue into such number of Ordinary Shares as is calculated in accordance with Article 4(B)(b).

b)

- (i) The number of Ordinary Shares to which the holders of "A" Ordinary Shares shall be entitled in aggregate pursuant to Article 4(B)(a) shall be calculated as follows:

<u>Net Market Capitalisation as at the Conversion Date ("M")</u>	<u>Number of Ordinary Shares ("Na")</u>
£85 million (and over)	2,631,579
£80 million	2,739,726
£75 million	2,857,143
£70 million	2,941,176
£65 million	3,125,000
£60 million	3,333,333
£55 million	3,571,428
£50 million	3,846,154
£45 million (or less)	4,166,667

If M lies within any of the bands set out above, the number of Ordinary Shares to which the holders of "A" Ordinary Shares shall be entitled pursuant to Article 4(B)(a) shall be calculated by the application of the following formula:

$$Na = (((x-M)/5,000,000) \text{ times } (Ny-Nx)) \text{ plus } Nx$$

Where:

x = the nearest specified Net Market Capitalisation (in the above table) above M;

y = the nearest specified Net Market Capitalisation (in the above table) below M;

Nx = the number of Ordinary Shares at x; and

Ny = the number of Ordinary Shares at y.

With regard to the formula set out above, Na may not be less than Nx or 2,631,579 (whichever is the greater) or more than Ny or 4,166,667 (whichever is the lesser), subject always to adjustment in accordance with the following paragraphs of Article 4.

The amount of M for the purposes of the calculation of Na in the above formula shall be subject to adjustment by the deduction of the aggregate of the Subscription Proceeds and the Acquisition Share Values. For these purposes:

**"Subscription Proceeds"** means the aggregate cash subscription monies for any new shares of the Company subscribed for after the date of the adoption of this Article but prior to Listing (including for this purpose the aggregate market value on Listing of any new Ordinary Shares arising on the conversion of any Preferred Ordinary Shares but excluding the aggregate subscription price of any shares issued under options granted after 31 December 1997 which remain unexercised at Listing and excluding any shares issued pursuant to the Subscription Agreement dated 31 December 1997 between the Company, Noble Grossart Investments Limited (and others)).

**"Acquisition Share Values"** means the value of any shares of the Company to be issued in consideration of the acquisition of shares in any other company or the acquisition of the business or goodwill of any other company after the date of adoption of this Article but prior to Listing.

No deduction from M shall be made in respect of any of the issue of the 2,250,050 Ordinary Shares over which options have been granted

by the Company and are outstanding at the date of adoption of this Article.

In the event of a dispute as the amount of any deduction to be made from M, the matter shall be referred to a merchant bank the identity of which shall be agreed between the parties. In default of agreement, such merchant bank shall be nominated by the President for the time being of the Institute of Chartered Accountants in England and Wales. Such merchant bank shall act as experts and not as arbitrators to determine the matter in dispute and their determination shall be final and binding on the parties concerned.

In the event of an adjustment of the amount of M as set out above, Na shall also be adjusted as follows:

$$Na \times (\text{times}) \left( \frac{(25,719,224 + Ns)}{25,719,224} \right) \times (\text{times}) \left( \frac{M}{M+s} \right)$$

Where:

s = the aggregate of the Subscription Proceeds and the Acquisition Share Values

Ns = the number of new Ordinary Shares issued by the Company since 31 December 1997 plus any Ordinary Shares arising on conversion of any Preferred Ordinary Shares after 31 December 1997 plus any shares which remain to be issued under options granted after 31 December 1997.

- (ii) For the purpose of this Article 4 "Conversion Date" shall mean the business day immediately prior to the date of Listing so that if the Conversion Date would otherwise fall on a Saturday or Sunday or a day which is a public holiday in England, such Conversion Date shall be the date of the next day which is not such a day.
- (iii) Conversion of the "A" Ordinary Shares shall be effected in such manner as the Directors may determine and as the law may allow and in particular, but without prejudice to the generality of the foregoing, may be effected in accordance with the following provisions.
- (iv) To enable conversion to be effected, the Directors may determine that the "A" Ordinary Shares should be converted into Ordinary Shares by way of consolidation, reclassification and sub-division in accordance with this Article 4(B)(iv), in which event the following provisions shall apply and the requisite consolidation, reclassification and sub-division shall take effect pursuant to the authority given by the passing of the Resolution to create the "A" Ordinary Shares. On the Conversion Date, all the "A" Ordinary Shares shall be consolidated into one share and sub-divided and reclassified into:
  - 1) such integral number of Ordinary Shares as shall be equal in total nominal amount to the total nominal amount of the

Ordinary Shares into which the "A" Ordinary Shares are required to be converted (fractions being disregarded); and

- 2) (as to the balance) such number of shares of 1p each (which shall be designated Deferred Shares), having the rights and being subject to the restrictions set out in Article 4B(b)(v) below, as equals the amount expressed in pence by which the nominal amount of the consolidated share exceeds the total nominal amount of the Ordinary Shares referred to in 1) above and any fractions resulting from such sub-division.

The consolidation, reclassification and sub-division shall be effected so that each holder of "A" Ordinary Shares whose shares are consolidated and sub-divided shall as a result thereof hold such whole number of Ordinary Shares as shall be equal to the number of Ordinary Shares to which it was entitled on conversion of its "A" Ordinary Shares. If it becomes entitled to a fraction of an Ordinary Share, the Directors shall on its behalf aggregate such fractions with any other fractions arising as a result of the same consolidation and sub-division and sell the whole Ordinary Shares representing fractions. The provisions of Article 4B(b)(vi) below shall apply *mutatis mutandis*. If any fractions of an Ordinary Share would remain notwithstanding such aggregation, the same shall be sub-divided into the appropriate number of Deferred Shares of 1p each and the Directors shall have full power to determine as they think fit the holding to which such fractions relate. Each holder of "A" Ordinary Shares shall be entitled to Ordinary Shares arising on conversion, as nearly as may be, pro-rata to their holdings of "A" Ordinary Shares as at the Conversion Date.

- (v) Deferred Shares shall 1) not entitle their holders to receive any dividend or other distribution, 2) not entitle their holders to receive notice of or to attend or vote at any general meeting of the Company, 3) entitle their holders to the repayment of the nominal amount paid up on such shares on a return of assets on a winding-up of the Company after payment of £100,000 in respect of each Ordinary Share but shall not otherwise entitle the holders thereof to receive or participate in any property or assets of the Company. The conversion of any share into Deferred Shares shall be deemed to confer on the Company irrevocable authority at any time thereafter (1) to appoint a person on behalf of any holder of Deferred Shares to enter into an agreement to transfer, and to execute a transfer of, the Deferred Shares without any payment being made in respect thereof other than 1p for all the Deferred Shares then purchased from all the holders thereof, to such person as the Directors may determine as the custodian thereof, (2) to cancel and/or purchase the same (in accordance with the provisions of the Company's Articles of Association and the law) without making any payment (other than as aforesaid) to, or obtaining the sanction of, the holder or holders thereof and (3) pending any such transfer or cancellation or purchase to retain the certificates for such shares.

Upon purchase of any Deferred Shares the Directors may, pursuant to the authority given by the passing of the Resolution to create the "A" Ordinary Shares, consolidate and/or sub-divide and/or convert the authorised Deferred Share capital existing as a consequence of such purchase into shares of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of a like nominal amount (as nearly as may be) to the shares of such class then in issue or into unclassified shares of the same aggregate nominal amount as the Deferred Shares.

- (vi) Any fractions of Ordinary Shares arising on conversion shall not be allocated to the holders of the "A" Ordinary Shares otherwise entitled thereto, but (if any such arrangement can be made) such fractions shall be aggregated and sold on behalf of such holders at the best price reasonably obtainable and the net proceeds of sale distributed *pro rata* among such holders unless, in respect of any holding of "A" Ordinary Shares, the amount to be distributed would be less than £2.50 in which case such amount shall not be so distributed but shall be retained for the benefit of the Company. For the purpose of implementing the provisions of this Article, the Directors may appoint some person to execute transfers or renunciations on behalf of the persons otherwise entitled to any such fractions and generally may make all arrangements which appear to them necessary or appropriate for the settlement and disposal of fractional entitlements.
- (vii) On conversion the dividend on any "A" Ordinary Shares converted (whatever the manner of conversion) shall cease to accrue with effect from the Conversion Date but the holder shall be entitled to all arrears of dividend (plus interest, if any) accrued to that date. The Ordinary Shares resulting from the conversion shall carry the right to receive all dividends and other distributions declared, paid or made on the Ordinary Share capital of the Company in respect of the accounting period of the Company in which the Conversion Date falls where the record date for the payment of such dividend falls after the Listing, but not in respect of any accounting period of the Company ended prior to the Conversion Date, and shall otherwise rank *pari passu* in all respects with the Ordinary Shares then in issue and fully paid.
- (viii) Any allotment of Ordinary Shares resulting from conversion shall be effected within 14 days of the Conversion Date. Within 7 business days after the Conversion Date, the Company shall forward to each holder of "A" Ordinary Shares by ordinary post, at its own risk, free of charge, a definitive certificate for the appropriate number of fully paid Ordinary Shares together (where relevant) with a cheque in respect of any cash entitlement arising from the sale of fractions. Pending the despatch of the certificates therefor, transfers of Ordinary Shares arising from conversion shall be certified against the Company's Register of members.

- (ix) The number of Ordinary Shares arising on the conversion of "A" Ordinary Shares shall from time to time be adjusted in accordance with the following provisions of this Article:
- 1) If, while any "A" Ordinary Shares remain capable of being converted into Ordinary Shares, the Company shall make any issue of Ordinary Shares by way of capitalisation of profits or reserves (including any share premium account and capital redemption reserve) to the holders of Ordinary Shares, then, the number of Ordinary Shares to be issued on any subsequent conversion of "A" Ordinary Shares, shall be increased *pro rata*, such increase to become effective as at the record date for such issue.
  - 2) If, while any "A" Ordinary Shares remain capable of being converted into Ordinary Shares, the Ordinary Shares shall be consolidated or sub-divided, then the number of Ordinary Shares to be issued on any subsequent conversion of "A" Ordinary Shares, shall be reduced or increased *pro rata* accordingly, such reduction or increase to become effective immediately after the consolidation or sub-division.
- (x) Upon the happening of any of the events mentioned in Article 4B(b)(ix), the Company's Auditors shall report whether and, if so, to what extent, an adjustment to the number of Ordinary Shares to be issued on conversion falls to be made in accordance with the provisions of this Article. In the event of any dispute, on any adjustment made by the Company and reported on by the Auditors reference may be made to a third party auditor who shall act as an expert and not an arbitrator and whose determination shall be binding on the parties concerned. His identity shall be agreed or in default of agreement, he shall be appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales.
- (xi) If, while any "A" Ordinary Shares remain capable of being converted into Ordinary Shares, the Company shall make any issue of Ordinary Shares and as a result thereof the aggregate nominal amount of the Ordinary Shares into which any "A" Ordinary Shares may be converted would exceed the aggregate nominal amount of such "A" Ordinary Shares, then no adjustment shall, to that extent be made to the Ordinary Shares to be issued on conversion.
- (xii) If while any "A" Ordinary Shares remain capable of being converted into Ordinary Shares, the Company shall offer to the holders of Ordinary Shares as a class new Ordinary Shares by way of rights ("Rights Issue") then the Company shall make, or, so far as it is able, procure to be made at the same time a like offer to each holder of "A" Ordinary Shares as if its conversion rights had been exercisable and had been exercised in full on the record date for such offer ("Record Date") on the basis that:



- 1) if the Record Date shall fall on or before 31 December 2002 the "A" Ordinary Shares shall be deemed to have been converted into Ordinary Shares representing 12.5% of the Ordinary Shares in issue (including for this purpose 2,250,050 Ordinary Shares over which options have been granted by the Company and are outstanding at the date of adoption of this Article) as at that Record Date;
  - 2) if the Record Date shall fall after 31 December 2002 the "A" Ordinary Shares shall be deemed to have been converted into Ordinary Shares representing 14% of the Ordinary Shares in issue (including for this purpose 2,250,050 Ordinary Shares over which options have been granted by the Company and are outstanding at the date of adoption of this Article) as at that Record Date.
- c) If Listing shall not have occurred by 31 December 2000 the then current holders of the "A" Ordinary Shares shall have the right, by giving written notice to the Company at any time prior to 31 December 2002, to convert their holding of "A" Ordinary Shares into such number of Ordinary Shares as would, following such conversion, equal 12.5% of the aggregate of the Ordinary Shares in issue (after exercise of all outstanding options) immediately prior to such conversion and the Ordinary Shares so converted. In this event, Articles 4B(b)(iii) to (viii) inclusive shall apply in respect of the manner of such conversion, mutatis mutandis.
  - d) If Listing shall not have occurred by 31 December 2002 and the holders of the "A" Ordinary Shares shall not have exercised their right pursuant to Article 4(B)(c), the then current holders of the "A" Ordinary Shares shall have the right, by giving written notice to the Company at any time, to convert their holding of "A" Ordinary Shares into such number of Ordinary Shares as would, following such conversion, equal 14% of the aggregate of the Ordinary Shares in issue (after exercise of all outstanding options) immediately prior to such conversion and the Ordinary Shares so converted (provided however that if the holders of "A" Ordinary Shares shall have exercised their right of conversion pursuant to Article 4(B)(c) no right to additional Ordinary Shares shall be granted by this Article 4(B)(d)). In this event, Articles 4B(b)(iii) to (viii) inclusive shall apply in respect of the manner of such conversion, mutatis mutandis.
  - e) Notwithstanding the other provisions of this Article 4(B), if, prior to a Listing, there shall have been a Change of Control of the Company:
    - a) the holders of the "A" Ordinary Shares shall have the right, by giving written notice thereof immediately prior to the Change of Control taking effect, to convert their holding of "A" Ordinary Shares into such number of Ordinary Shares as would, following such conversion, equal 12.5% of the

aggregate of the Ordinary Shares in issue (after exercise of all outstanding options) immediately prior to such conversion and the Ordinary Shares so converted. In this event, Articles 4B(b)(iii) to (viii) inclusive shall apply in respect of the manner of such conversion mutatis mutandis; and

- b) no transfer of any shares that would result in such Change of Control shall be registered unless, before such transfer is lodged for registration, the proposed transferee or transferees or his or their nominees has or have offered to purchase all of the Ordinary Shares converted pursuant to Article 4(B)(e)(i) on the same terms as those offered to the holders of the shares the transfer of which would result in the Change of Control.

(C) Voting and General Meetings

- a) The holders of the "A" Ordinary Shares shall, by virtue or in respect of their holdings of such Shares, have the right to receive notice of every General Meeting of the Company but shall not have the right to attend, speak or vote at any General Meeting unless either:
  - (i) at the date of such meeting the "A" Ordinary Dividend is in arrears for six months or more after any fixed dividend date, in which case such holders shall have the right to attend, speak and vote on any resolution at such a General Meeting; or
  - (ii) a resolution is to be proposed abrogating, varying or modifying any of the special rights or privileges of the holders of the "A" Ordinary Shares, in which case such holders shall have the right to attend the General Meeting but shall be entitled to speak and vote only on such resolution.
- b) Whenever the holders of "A" Ordinary Shares are entitled to vote at a General Meeting of the Company on a resolution proposed at such a General Meeting, on a show of hands, every holder thereof who (being an individual) is present in person or (being a corporation) is present by proxy or by a representative duly authorised under section 375 of the Companies Act 1985, not being himself a member entitled to vote, shall have one vote and, on a poll, every holder thereof who is present in person, by representative or by proxy shall have one vote in respect of such "A" Ordinary Share.

(D) Definitions

For the purposes of this Article 4, the following expressions shall have the following meanings:

- 1) "Dividend Rate" means:
  - a) in respect of the period from the date of adoption of this Article to the earlier of the date of Listing and 31 December 1999, the rate of 5 per cent. per annum;
  - b) if Listing shall not have occurred by 31 December 1999, the rate of 10 per cent. per annum in respect of the period from 1 January 2000 to the earlier of 31 December 2000 and the date of Listing;
  - c) if Listing shall not have occurred by 31 December 2000, the rate of 11 per cent. per annum in respect of the period from 1st January 2001 to the earlier of 31 December 2001 and the date of Listing;
  - d) if Listing shall not have occurred by 31 December 2001, the rate of 12.1 per cent. per annum in respect of the period from 1 January 2002 to the earlier of 31 December 2002 and the date of Listing;
  - e) if Listing shall not have occurred by 31 December 2002, the rate of 12.5 per annum from 1 January 2003 and thereafter;
- 2) "Listing" means the inclusion of any part of the share capital of the Company in the Official List of London Stock Exchange Limited or the acquisition of the entire share capital of the Company in exchange for shares in a company whose shares are listed on the London Stock Exchange by way of a reverse takeover (and so that, for the avoidance of doubt, such a reverse takeover shall not be treated as a "Change of Control" but as a "Listing");
- 3) "Net Market Capitalisation" means the valuation placed upon the whole of the issued Ordinary Share capital of the Company on a Listing (together with the aggregate subscription price of any of the 2,250,050 options outstanding at 31 December 1997 which remain unexercised at Listing) as shown in a prospectus or listing particulars published in connection with the Listing, less the gross amount of any new money raised by the Company from the subscription for new shares issued by the Company at the time of and in connection with such Listing (or if any such valuations or amounts are not known at the time when the Net Market Capitalisation is required to be calculated, such valuations or amounts as shall be determined (as accurately as possible) by the sponsor to the Listing or any merchant bank advising in relation to the Listing) or, in the event of a reverse takeover, the valuation or listing of the shares of the relevant

company (together with the value of any other consideration therefor) issued to acquire the shares in the Company.

- 4) "Change of Control" means a sale or transfer of Shares to any person or persons resulting in such person or persons acquiring control (as defined in Section 840 of the Income and Corporation Taxes Act 1988) of more than 50 percent in aggregate of the shares in the capital of the Company for the time being in issue prior to such conversion conferring the right to vote.

- 5 The special rights and restrictions attached to and imposed on the Preferred Ordinary Shares and the Ordinary Shares respectively are as follows:

(A) Income

The profits which the Company may determine to distribute in respect of any financial year shall, after paying to the holders of the "A" Ordinary Shares the dividend referred to in Article 4, and any arrears or accruals thereof or interest thereon, be applied:-

- (a) first in paying to the holders of the Preferred Ordinary Shares a fixed cumulative preferential dividend (hereinafter referred to as "the fixed preferential dividend") of 3.2p cash net per annum on each of the Preferred Ordinary Shares held by them;
- (b) next and subject thereto in paying to the holders of the Preferred Ordinary Shares an additional cumulative preferential dividend (hereinafter referred to as "the additional preferential dividend") of a net cash sum equal to one-sixth of that proportion of the amount (if any) by which the consolidated net pre-tax profits of the Company and its subsidiaries for that financial year exceed £400,000 which the nominal amount of the Preferred Ordinary Share capital for the time being in issue bears to the nominal amount of the total issued equity share capital of the Company, which sum shall be distributed amongst the holders of the Preferred Ordinary Shares pro rata to the amounts paid up on the Preferred Ordinary Shares held by them respectively;
- (c) next and subject thereto in paying to the holders of the Ordinary Shares a dividend (hereinafter referred to as "the ordinary dividend") for such year on each of the Ordinary Shares held by them respectively of up to a cash net amount per share equal to the aggregate of the fixed preferential dividend per share and the additional preferential dividend per share (if any) paid for such financial year; and
- (d) subject thereto the balance of the said profits shall be distributed amongst the holders of the Preferred Ordinary Shares and the Ordinary Shares (pari passu as if the same constituted one class of share) according to the amounts paid

up on the Preferred Ordinary Shares and the Ordinary Shares held by them respectively.

For the purposes of this Article:-

- (a) the fixed preferential dividend shall be payable half-yearly on 30th November and 31st May in each year in respect of the six months of the Company's financial year expiring five months before such date;
- (b) the additional preferential dividend (if any) shall be payable on the 31st May next following the end of each financial year. Notwithstanding the foregoing and provided that there are outstanding no arrears or accruals or interest in respect of the dividend referred to in Article 4 or the fixed preferential dividend or the additional preferential dividend, if in any year the Company's profits are such that it appears to the directors that the consolidated net pre-tax profits of the Company and its subsidiaries for that financial year will be in excess of £400,000 so that an additional preferential dividend will be payable to the holders of the Preferred Ordinary Shares on the 31st May next following, the Company shall be entitled, at the same time as the payment of the half-yearly fixed preferential dividend payable on 30th November in that year, to pay by way of interim additional preferential dividend such proportion (not exceeding one-half) of the amount that appears to the directors will be payable on 31st May next following by way of additional preferential dividend as they think fit.
- (c) the ordinary dividend (if any) shall be payable on the 31st May next following the end of each financial year. Notwithstanding the foregoing and provided that there are outstanding no arrears or accruals or interest in respect of the dividend referred to in Article 4 or fixed preferential dividend or the additional preferential dividend, the Company shall be entitled, at the same time as the payment of the half-yearly fixed preferential dividend payable on 30th November in any year, to pay an interim ordinary dividend PROVIDED THAT the aggregate amount of such interim ordinary dividend shall not exceed the aggregate amount of the half-yearly fixed preferential dividend paid at such time to the holders of the Preferred Ordinary Shares or, if an interim additional preferential dividend shall have been paid at such time, the aggregate amount of the half-yearly fixed preferential dividend and the interim additional preferential dividend paid at such time to the holders of the Preferred Ordinary Shares.
- (d) the expression "consolidated net pre-tax profits of the Company and its subsidiaries" shall mean the combined profits of the Company and its subsidiaries (including associated companies to the extent of the interest therein of the

Company and its subsidiaries where such profits are consolidated) as shown by the audited consolidated profit and loss accounts of the Company and its subsidiaries after deducting all revenue charges and expenses whatsoever (including commission, depreciation, provision for bad and doubtful debts and other revenue expenditure) and minority interests, but excluding any extraordinary items and before charging any taxation on profits earned and gains released during such financial year, before carrying any sum to reserve (whether pursuant to Article 141 of these Articles or otherwise howsoever) and before providing for the payment of any dividend on any class of shares. A certificate of the auditors for the time being of the Company as to the amount of the consolidated net pre-tax profits of the Company and its subsidiaries in any financial year shall be conclusive and binding on the Company and all members thereof.

(B) Capital

On a return of capital on liquidation or otherwise, the surplus assets of the Company remaining after payment of its liabilities and the payment to the holders of the "A" Ordinary Shares pursuant to Article 4 shall be applied as follows:-

- (i) first in repaying to the holders of the Preferred Ordinary Shares the sum of 26.7p per share together with:-
  - (a) a sum equal to any arrears or deficiency or accruals of the fixed preferential dividend to be calculated down to the date of the return of capital and to be payable irrespective of whether such dividend has been declared or earned or not; and
  - (b) a sum equal to any arrears of deficiency of the additional preferential dividend to be calculated down to the end of the financial year immediately preceding the financial year in which falls the date of the return of capital to be payable irrespective of whether such dividend has been declared or not;
- (ii) next and subject thereto in repaying to the holders of the Ordinary Shares the sum of 26.7p per share; and
- (iii) the balance of such assets shall belong to and be distributed amongst the holders of the Preferred Ordinary Shares and the Ordinary Shares (pari passu as if the same constituted one class of share) in proportion to the amounts paid up on the Preferred Ordinary Shares and the Ordinary Shares held by them respectively.

(C) Conversion

Each holder of Preferred Ordinary Shares shall be entitled at any time to convert all or any of the Preferred Ordinary Shares held by him into Ordinary Shares and the following provisions shall have effect:-

- (i) Such conversion shall be effected by notice in writing to the Company (hereinafter called "the Conversion Notice") signed by the holder or (in the case of joint holders) each of the holders stating the definitive numbers of the Preferred Ordinary Shares which he or they wish to convert and accompanied by or endorsed upon the certificate or certificates for such shares.
  - (ii) Conversion of the Preferred Ordinary Shares into Ordinary Shares shall take effect immediately upon the delivery of the Conversion Notice accompanied or endorsed as aforesaid at the Office (hereinafter called "the date of conversion").
  - (iii) Forthwith after the date of conversion the Company shall issue to the holders or to the first named of two or more joint holders (as the case may be) a certificate in his or their joint names for the Ordinary Shares resulting from the conversion.
  - (iv) The Ordinary Shares resulting from the conversion shall rank *pari passu* in all respects with the remaining Ordinary Shares in the capital of the Company."
- (b) the deletion of the existing Article 5 and the substitution therefor of the following new Article (re-numbered as Article 7 pursuant to paragraph (a) above:

"7 If at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated, whether or not the Company is being wound up, with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class, but not otherwise. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, so far as applicable and with the necessary modifications, apply, except that (i) the necessary quorum at any such meeting, other than an adjourned meeting, shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question, and at an adjourned meeting one person holding shares of the class in question or his proxy; and (ii) any holder of shares of the class in question present in person or by proxy may demand a poll PROVIDED THAT without prejudice to the generality of this Article and to the provisions of Article 43 the special rights attached to the

Preferred Ordinary Shares shall be deemed to be varied by any of the following:-

- (i) any increase or alteration or variation or reduction of the authorised or issued capital of the Company other than the issue of up to and including 500,000 Ordinary Shares and other than the issue of shares to or under the Share Option Schemes not exceeding 10% of the issued share capital of the Company;
- (ii) any alteration or variation of any of the rights attached to any of the shares for the time being in the capital of the Company;
- (iii) the sale or disposal of the undertaking or business of the Company or any substantial part thereof;
- (iv) the sale or disposal of the undertaking or business of any subsidiary company (as defined by Section 736 of the Act) of the Company or any substantial part thereof otherwise than to the Company or a wholly owned subsidiary of the Company;
- (v) the sale, assignment, transfer or disposal of the share capital of any subsidiary company or any interest therein (otherwise than to or in favour of the Company or a wholly owned subsidiary of the Company);
- (vi) the issue by a subsidiary of the Company of any of its share capital to any person other than the Company or a wholly owned subsidiary of the Company;
- (vii) any alteration or relaxation of the restrictions on the powers of the Directors to borrow, give guarantees or create charges contained in Article 96 and Article 97 hereof;
- (viii) the application by way of capitalisation of any sum in or towards paying up any debenture or debenture stock (whether secured or unsecured) of the Company;
- (ix) the alteration of the financial year of the Company to a period other than one which commences on 1st January and ends on 31st December

and PROVIDED FURTHER THAT without prejudice to the generality of this Article and to the provisions of Article 43 the special rights attached to the "A" Ordinary Shares shall be deemed varied by any of the following:

- (i) any alteration to the provisions of the Company's Memorandum of Association or these Articles;



- (ii) the sale or disposal of such part of the undertaking or business of the Company or of any subsidiary of the Company (other than to a wholly-owned subsidiary of the Company) which, in either case, represents more than 50 per cent. of the net consolidated net asset value of the Company and its subsidiaries from time to time as disclosed by the latest audited accounts of the Company;
  - (iii) any increase or alteration or variation or reduction of the authorised or issued capital of the Company other than the issue of up to and including 500,000 Ordinary Shares and other than the issue of shares to or under the Share Option Schemes not exceeding 10% (when aggregated with options already in issue) of the issued share capital of the Company;
  - (iv) any material change in the Company's existing dividend policy.
- (c) re-numbering the existing Article 4 as Article 6, renumbering the existing Article 6 as Article 8 and consequently re-numbering all subsequent Articles and the cross-references thereto;
  - (d) amending the existing Article 26 by inserting the following new sub-article 28(K):
 

"Notwithstanding the other provisions of this Article 28, no holder of "A" Ordinary Shares shall transfer all or part of its holding of "A" Ordinary Shares save to another Financial Institution (as defined below) provided that any such transfer shall require the prior consent of the Board of Directors of the Company (such consent not to be unreasonably withheld or delayed in relation to a proposed transferee where the Financial Institution concerned has no investment exceeding 5% of the equity of a direct competitor of the Company or no significant connection with a direct competitor of the Company). For the purposes of this Article, a Financial Institution is a bank, pension fund, insurance company, investment trust (or subsidiary thereof) or unit trust.
  - (e) deleting the existing sub-article 26(B) and substituting therefor the following new sub-article 28(B):
 

"Save as provided by sub-article 28(A), sub-article 28(J), sub-article 28(K), Article 30, Article 31, and sub-article 43(B) shares shall be transferred in the manner provided in the following sub-articles of this Article 28."
  - (f) the deletion of the existing Article 95(C) and the substitution therefor of the following new Article in its place:

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"(C) For the purpose of this Article "borrowings" means all indebtedness on a consolidated basis of the Company and its subsidiaries (save for any borrowings the proceeds of which are held as cash at bank (or deposit or otherwise)) and shall be deemed, inter alia, to include the following (together in each case with any fixed or minimum premium payable on final redemption or repayment):-

- (a) the principal amount for the time being owing in respect of any debentures (as defined by the Act) notwithstanding that the same may be or have been issued in whole or in part for a consideration other than cash;
- (b) the principal amount raised by the Company or any of its subsidiaries under bills, notes, acceptance credits, acceptances (other than for the purchase of goods in the ordinary course of business), or other negotiable instruments or by means of factoring or discounting book debts;
- (c) the nominal amount of any share capital and the principal amount of any monies borrowed or other indebtedness the repayment whereof is guaranteed or secured by the Company or any of its subsidiaries;
- (d) advances from bankers and term loans;
- (e) any share capital of a subsidiary (other than equity share capital) not for the time being beneficially owned by the Company or one of its subsidiaries;
- (f) the aggregate of amounts remaining to be paid by the Company and its subsidiaries under any hire purchase agreement or credit sale agreement or conditional sale agreement (as defined in the Consumer Credit Act 1974);
- (g) the aggregate of amounts outstanding to be paid by the Company and its subsidiaries under any leasing agreement (other than in respect of a lease of property) or other deferred purchase agreement."

..... John Wilkerson .....

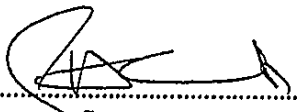
Chairman

No. 265178

MANSELL plc

I, Peter Herbert Coats, being the Secretary of the above-named Company, hereby certify that:

- (a) the Extraordinary Resolutions set out in the Notices dated 9 January 1998 convening:
  - (i) a Meeting of the holders of Cumulative Convertible Participating Preferred Ordinary Shares of 25 pence each in the Company; and
  - (ii) a Meeting of the holders of Ordinary Shares of 25 pence each in the Company,referred to in Resolutions Nos 1, 2 and 4 attached were agreed to and duly passed on 5 February 1998; and
- (b) accordingly, Resolutions Nos 1, 2 and 4 attached were duly passed on 5 February 1998.

  
.....  
Secretary