

No. 451593



THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

OF

THE TELEGRAPH PLC

At an EXTRAORDINARY GENERAL MEETING of The Telegraph plc (the "Company") held at the offices of The Telegraph, 1 Canada Square, Canary Wharf, London E14 5DT on 26th June 1996 at 10.45 am. the following resolution was passed as a Special Resolution:

THAT:

- (a) the Scheme of Arrangement dated 31st May, 1996 (the "Scheme") between the Company, the Scheme Shareholders, FDTH and TelHoldco (all as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification has been signed by the chairman of this meeting, be approved;
- (b) for the purpose of giving effect to the Scheme (in its present form or with any modification, addition or condition approved or imposed by the Court);
 - (i) the capital of the Company be reduced by cancelling and extinguishing the Cancellation Shares (as defined in the Scheme);
 - (ii) forthwith and contingently upon such reduction of capital taking effect, the capital of the Company be increased by the creation of such number of new "B" ordinary shares of 10p each (with the rights set out in article 3 of the Company's articles of association (as amended by paragraph (d)(i) below)) as is equal to the number of the Cancellation Shares;
 - (iii) the existing ordinary shares of 10p each in the capital of the Company be redesignated as "A" ordinary shares;
 - (iv) the directors of the Company be unconditionally authorised for the

purposes of section 80 of the Companies Act 1985 to allot the new "B" ordinary shares of 10p each created pursuant to paragraph (b)(ii) of this resolution provided that:

- (A) the maximum aggregate nominal value of the new "B" ordinary shares of 10p each which may be allotted is the aggregate nominal value of the said new "B" ordinary shares so created;
- (B) this authority shall expire on 31st December 1997;
- (v) the credit arising in the books of account of the Company upon the cancellation of the Cancellation Shares taking effect be capitalised and applied in paying up in full at par all of the "B" ordinary shares of 10p each created pursuant to paragraph (b)(ii) of this resolution which shall be allotted and issued credited as fully paid up in accordance with the Scheme; and
- (vi) subject to and with effect from the Scheme becoming effective, the capital of the Company be increased by the creation of 100,000,000 2.5 per cent, cumulative voting redeemable preference shares of £16.80 each (with the rights set out in article 3(C) of the Company's articles of association (as amended by paragraph (d)(ii) below));
- (c) with effect from the date on which this resolution is passed, the articles of association of the Company be amended by the adoption and inclusion of:
 - (i) the following new article 163:

"This article applies where, pursuant to section 425 of the Act (the "Section"), a compromise or arrangement (a "scheme") is proposed between the Company and its shareholders or any class of them. If the Company issues any shares (or, where the proposed scheme is between the Company and a class of its shareholders, any shares in such class) on or after the date of any meeting directed by the Court pursuant to the Section at which the holders of such shares or class of shares shall have approved the scheme by the statutory majority and prior to 5.00pm on the date immediately preceding the date on which the order of the Court sanctioning the scheme is drawn up and perfected such shares shall be issued subject to the terms of the scheme and the holder or holders of such shares shall be bound thereby accordingly provided that this article shall not apply to any share issued after 5.00pm on the date immediately preceding the date on which such order is made if such share, if bound by the scheme, would be subject to a reduction of capital provided for by the scheme.";
 - (ii) the following new article 164;

"In this article the following words shall have the following meanings:

- "connected" shall have the meaning attributed to it in section 839 of the Income and Corporation Taxes Act 1988;
- "Disposal Date" in relation to a notice given under (1) and (2) of this article, means the date on which a notice is deemed to be served under article 151 or such other date as may be agreed between the Relevant Purchaser and the Relevant Shareholder;
- "Disposal Shares" all the ordinary shares in the Company held by any Relevant Shareholder;
- "Effective Date" the date on which the Scheme of Arrangement between the Company, the holders of the Scheme Shares, FDTH and TelHoldco (as respectively defined in the said Scheme of Arrangement ("the Scheme") instituted by originating summons No. 002798 of 1996) becomes effective.
- "Excepted Shares" a person who is for the time being registered as the holder of Excepted Shares;
- "Relevant Purchaser" FDTH (whilst it is a shareholder in the Company) or the shareholder for the time being with the largest holding of ordinary shares in the Company (as determined by aggregating the holding(s) of ordinary shares in the Company of any person(s) connected with such shareholder); and
- "Relevant Shareholder" any person other than FDTH or TelHoldco who holds shares in the Company or who becomes a member of the Company after the Effective Date (other than a Relevant Purchaser or an Excepted Shareholder in respect of Excepted Shares).

- (1) Any Relevant Shareholder may on or on any date after the Effective Date give to the Relevant Purchaser a notice requiring the Relevant Purchaser to purchase the Disposal Shares for a consideration of 572½p (but subject to paragraph (3) below) and within 21 days after the Disposal Date the

Relevant Shareholder shall be bound to transfer and the Relevant Purchaser shall be bound to purchase the Disposal Shares for such consideration.

- (2) The Relevant Purchaser may on or on any date after the Effective Date give to the Relevant Shareholder a notice requiring the Relevant Shareholder to sell to the Relevant Purchaser the Disposal Shares for the consideration determined in paragraph (1) above and on the Disposal Date the Relevant Shareholder shall be bound to transfer and the Relevant Purchaser shall be bound to purchase the Disposal Shares for such consideration.
 - (3) In the event of any increase or variation of the share capital of the Company after the Effective Date by way of capitalisation or rights issue, or sub-division, consolidation or reduction or otherwise, the Board of the Company shall make such adjustments to the consideration to be paid to the Relevant Shareholder under paragraph (1) or, as the case may be, paragraph (2) above as it considers appropriate (save that, except in the case of a capitalisation issue, no adjustment shall be made without the prior confirmation in writing by the auditors for the time being of the Company that it is in their opinion fair and reasonable).
 - (4) To give effect to any such transfer required by this article 164, the Company may appoint any person to execute a form of transfer on behalf of the Relevant Shareholder in favour of the Relevant Purchaser."
- (d) subject to and with effect from the Scheme becoming effective, the articles of association be amended by:
- (i) adding the following words at the end of article 3(B)(2)(d): "provided that for the purpose of this sub-paragraph (d) only, the nominal amount of the "B" Ordinary Shares shall be deemed to be 9.999 pence each";
 - (ii) adding the following as article 3(C):

"(C) The rights and restrictions attaching to the 2.5 per cent. cumulative voting redeemable preference shares of £16.80 each ("2.5 per cent. preference shares") are as follows:

 - (1) Income
 - (a) Holders are entitled to be paid in respect of each financial year of the Company out of profits available for distribution and from time to time resolved to be distributed a fixed cumulative preferential dividend at the annual rate (excluding the amount of any associated

tax credit) of 2.5 per cent. on the nominal amount of each of the 2.5 per cent. preference shares (the "preferential dividend").

- (b) The preferential dividend is payable annually in arrears on 31st July (or, if not a business day, on the next business day) (the "fixed dividend date") in respect of the twelve month period ending on that date (except that the first preferential dividend is payable in respect of the period starting on the day after the date of first allotment of the 2.5 per cent. preference shares and ending on the next fixed dividend date).
 - (c) The preferential dividend is payable in priority to a payment of a dividend to the holders of any other class of share, other than a dividend in respect of any other preference shares in issue at the date of allotment of the 2.5 per cent. preference shares or allotted at a later date pursuant to paragraph (4) below.
 - (d) The 2.5 per cent. preference shares do not confer a further right to participate in the profits of the Company.
- (2) Capital
- (a) On a return of capital on winding up or otherwise (other than on redemption or purchase of shares) the assets of the Company available for distribution among the members shall be applied in repayment to the holder of each 2.5 per cent. preference share the following amounts, in priority to a repayment to the holders of any other class of share other than a repayment in respect of any other preference shares in issue at the date of allotment of the 2.5 per cent. preference shares or allotted at a later date pursuant to paragraph (4) below:
 - (i) the amount of any accruals of the preferential dividend relating to the 2.5 per cent. preference shares, to be calculated down to and including the date of commencement of the winding up (in the case of a winding up) or of the return of capital (in another case) to be payable whether or not the preferential dividend has been declared or earned; and
 - (ii) the nominal amount of the 2.5 per cent. preference share.

- (b) The 2.5 per cent. preference shares do not confer any further right to participate in the assets of the Company available for distribution among the members.

(3) Purchase and Redemption

- (a) Subject to the provisions of the articles and the Companies Acts, the Company may purchase 2.5 per cent. preference shares by tender (available to all holders of 2.5 per cent. preference shares alike) or by private treaty, in each case at a price (exclusive of expenses but inclusive of the accrued preferential dividend) which does not exceed 110 per cent. of the nominal amount of the 2.5 per cent. preference shares.
- (b) The Company has the right (subject to the provisions of the articles and the Companies Acts) to redeem all or some of the 2.5 per cent. preference shares outstanding at any time after the second anniversary of the date of allotment. On 31st July, 2021 (subject to the provisions of the Companies Acts) the Company shall redeem any 2.5 per cent. preference shares remaining in issue.
- (c) The redemption moneys payable on each 2.5 per cent. preference share are the total of:
 - (i) the amount of any accruals of the preferential dividend, to be calculated down to and including the date fixed for redemption, to be payable whether or not the preferential dividend has been declared or earned; and
 - (ii) the nominal amount of the 2.5 per cent. preference share.
- (d) Redemption is effected by giving to the holders of the 2.5 per cent. preference shares to be redeemed not less than four weeks' notice (a "redemption notice"). The redemption notice shall specify the 2.5 per cent. preference shares to be redeemed, the date fixed for redemption (the "redemption date") and the place at which the certificates for the 2.5 per cent. preference shares are to be presented for redemption. If some only of the 2.5 per cent. preference shares are to be redeemed, the board shall for the purpose of ascertaining the shares to be redeemed cause a drawing to be made at the Office

(or at such other place as the board decides) in the presence of a representative of the auditors.

- (e) On the redemption date each holder whose 2.5 per cent. preference shares are to be redeemed is bound to deliver to the Company at the place stated in the redemption notice the certificate (or certificates) for those shares. On receipt, the Company shall pay to the holder (or, in the case of joint holders, to the holder whose name stands first in the register in respect of the 2.5 per cent. preference shares) the redemption moneys due to him. If a certificate includes 2.5 per cent. preference shares not redeemable on that occasion, a new certificate for the balance of the 2.5 per cent. preference shares shall be issued to the holder without charge.
- (f) If a holder whose 2.5 per cent. preference shares are to be redeemed under this paragraph fails to deliver the certificate (or certificates) for those shares to the Company, the Company may retain the redemption moneys. The redemption moneys shall be paid to the holder (by cheque despatched at the holder's risk) within five business days of receipt of the certificate (or certificates) or an indemnity in respect of the certificate (or certificates) in a form satisfactory to the board. No person has a claim against the Company for interest on retained redemption moneys.
- (g) As from the redemption date, the preferential dividend ceases to accrue in respect of redeemed 2.5 per cent. preference shares unless, on the presentation of the certificate (or certificates) for the shares to be redeemed and a receipt for the redemption moneys signed and authenticated in such manner as the board requires, payment of the redemption moneys is refused.
- (h) The board may, pursuant to the authority given by the adoption of this article, consolidate and sub-divide the share capital available for issue as a consequence of a redemption of 2.5 per cent. preference shares pursuant to these paragraphs into ordinary shares or any other class of share into which the authorised share capital of the Company is at the time divided, each of a like nominal amount as the shares of that class then in issue, or into unclassified shares of the same nominal amount as the 2.5 per cent. preference shares. The board may issue

shares in anticipation of redemption to the extent permitted by the Companies Acts and the articles.

(4) Issue of further preference shares

The Company may from time to time create and issue further preference shares ranking as regards participation in the profits and assets of the Company in priority to or *pari passu* with the 2.5 per cent. preference shares.

(5) Attendance at general meetings and voting

(a) 2.5 per cent. preference shares shall confer the right to receive notice of and to attend and vote at a general meeting.

(b) On a show of hands, each holder present in person or (being a corporation) by a representative has one vote. On a poll each holder present in person or by proxy or (being a corporation) by a representative is entitled to exercise one vote for each 2.5 per cent. preference share held by him.

(6) Fully paid shares

2.5 per cent. preference shares may only be issued fully paid or credited as fully paid."

(iii) deleting the definitions of, and references to, "Independent Director", "London Stock Exchange", "Hollinger", "Hollinger Inc." and "Official List";

(iv) deleting article 3(B)(6);

(v) deleting article 33 and substituting in lieu thereof the following new articles 33(A) and 33(B);

"33(A) 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:

(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 grounds of any such interest or benefit.

33(B) For the purposes of article 33(A):

- (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 of 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.”;
- (vi) deleting in article 93 the words “without prejudice to the provisions for retirement by rotation hereinafter contained”;
- (vii) amending article 99(A) by the deletion of “save that subject to the Ordinary Shares being admitted to the Official List, and Independent Director shall not be entitled to appoint a non-Independent Director as his alternate director”;
- (viii) deleting article 100(D) and substituting in lieu thereof:

“100(D) Without prejudice to the obligation of a director to disclose his interest in accordance with section 317 of the Act, a director may vote at any meeting of directors or of a committee of directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty. The director shall be counted in the quorum present at a meeting when any such resolution is under consideration and if he votes his vote shall be counted.”;
- (ix) deleting article 112 and substituting in lieu thereof the following article 112:

“112. The quorum for the transaction of the business of the directors may be fixed by the directors and unless so fixed at any other number shall be two. A person who holds office only as an alternate director shall, if his appointer is not present, be counted in the quorum.”;
- (x) deleting in article 117(A) the words “provided that, subject to the Ordinary Shares being admitted to the Official List, such committees must comprise a majority of

Independent Directors”;

- (xi) deleting subparagraph (ii) of article 117(A); and
- (xii) deleting article 48(A)(4), 52(C)(1), 94, 95, 96, 97, 100(H), 109(B) and (C), 116, 117(B), (C) and (D), 120(B), 146 and 147.

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Chairman

SCHEDULE

The rights and restriction attaching to the 2.5 per cent. cumulative voting redeemable preference shares of £16.80 each ("2.5 per cent. preference shares") are as follows:

1. Income

- (a) Holders are entitled to be paid in respect of each financial year of the Company out of profits available for distribution and from time to time resolved to be distributed a fixed cumulative preferential dividend at the annual rate (excluding the amount of any associated tax credit) of 2.5 per cent. on the nominal amount of each of the 2.5 per cent. preference shares (the "preferential dividend").
- (b) The preferential dividend is payable annually in arrears on 31st July (or, if not a business day, on the next business day) (the "fixed dividend date") in respect of the twelve month period ending on that date (except that the first preferential dividend is payable in respect of the period starting on the day after the date of first allotment of the 2.5 per cent. preference shares and ending on the next fixed dividend date)
- (c) The preferential dividend is payable in priority to a payment of a dividend to the holders of any other class of share, other than a dividend in respect of any other preference shares in issue at the date of allotment of the 2.5 per cent. preference shares or allotted at a later date pursuant to paragraph (4) below.
- (d) The 2.5 per cent. preference shares do not confer a further right to participate in the profits of the Company.

2. Capital

- (a) On a return of capital on winding up or otherwise (other than on redemption or purchase of shares) the assets of the Company available for distribution among the members shall be applied in repayment to the holder of each 2.5 per cent. preference share the following amounts, in priority to a repayment to the holders of any other class of share other than a repayment in respect of any other preference shares in issue at the date of allotment of the 2.5 per cent. preference shares or allotted at a later date pursuant to paragraph (4) below:
 - (i) the amount of any accruals of the preferential dividend relating to the 2.5 per cent. preference shares, to be calculated down to and including the date of commencement of the winding up (in the case of a winding up) or of the return of capital (in another case), to be payable whether or not the preferential dividend has been declared or earned; and
 - (ii) the nominal amount of the 2.5 per cent. preference share.

- (b) The 2.5 per cent. preference shares do not confer any further right to participate in the assets of the Company available for distribution among the members.

3. Purchase and Redemption

- (a) Subject to the provisions of the articles and the Companies Acts, the Company may purchase 2.5 per cent. preference shares by tender (available to all holders of 2.5 per cent. preference shares alike) or by private treaty, in each case at a price (exclusive of expenses but inclusive of the accrued preferential dividend) which does not exceed 110 per cent. of the nominal amount of the 2.5 per cent. preference shares.
- (b) The Company has the right (subject to the provisions of the articles and the Companies Acts) to redeem all of some of the 2.5 per cent. preference shares outstanding at any time after the second anniversary of the date of allotment. On 31st July 2021 (subject to the provisions of the Companies Acts) the Company shall redeem any 2.5 per cent. preference shares remaining in issue.
- (c) The redemption moneys payable on each 2.5 per cent. preference share are the total of:
- (i) the amount of any accruals of the preferential dividend, to be calculated down to and including the date fixed for redemption, to be payable whether or not the preferential dividend has been declared or earned; and
 - (ii) the nominal amount of the 2.5 per cent. preference share.
- (d) Redemption is effected by giving to the holders of the 2.5 per cent. preference shares to be redeemed not less than four weeks' notice (a "redemption notice"). The redemption notice shall specify the 2.5 per cent. preference shares to be redeemed, the date fixed for redemption (the "redemption date") and the place at which the certificates for the 2.5 per cent preference shares are to be presented for redemption. If some only of the 2.5 per cent. preference shares are to be redeemed, the board shall for the purpose of ascertaining the shares to be redeemed cause a drawing to be made at the Office (or at such other place as the board decides) in the presence of a representative of the auditors.
- (e) On the redemption date each holder whose 2.5 per cent. preference shares are to be redeemed is bound to deliver to the Company at the place stated in the redemption notice the certificate (or certificates) for those shares. On receipt, the Company shall pay to the holder (or, in the case of joint holders, to the holder whose name stands first in the register in respect of the 2.5 per cent. preference shares) the redemption moneys due to him. If a certificate includes 2.5 per cent. preference shares not redeemable on that occasion, a new certificate for the balance of the 2.5 per cent. preference shares shall be

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issued to the holder without charge.

(f) If a holder whose 2.5 per cent. preference shares are to be redeemed under this paragraph fails to deliver the certificate (or certificates) for those shares to the Company, the Company may retain the redemption moneys. The redemption moneys shall be paid to the holder (by cheque dispatched at the holder's risk) within five business days of receipt of the certificate (or certificates) or an indemnity in respect of the certificate (or certificates) in a form satisfactory to the board. No person has a claim against the Company for interest on retained redemption moneys.

(g) As from the redemption date, the preferential dividend ceases to accrue in respect of redeemed 2.5 per cent. preference shares unless, on the presentation of the certificate (or certificates) for the shares to be redeemed and a receipt for the redemption moneys signed and authenticated in such manner as the board requires, payment of the redemption moneys is refused.

(h) The board may, pursuant to the authority given by the adoption of this article, consolidate and sub-divide the share capital available for issue as a consequence of a redemption of 2.5 per cent. preference shares pursuant to these paragraphs into ordinary shares or any other class of share into which the authorised share capital of the Company is at the time divided, each of a like nominal amount as the shares of that class then in issue, or into unclassified shares of the same nominal amount as the 2.5 per cent. preference shares. The board may issue shares in anticipation of redemption to the extent permitted by the Companies Acts and the articles.

4. Issue of further preference shares

The Company may from time to time create and issue further preference shares ranking as regards participation in the profits and assets of the Company in priority to or pari passu with the 2.5 per cent. preference shares.

5. Attendance at general meetings and voting

(a) 2.5 per cent. preference shareholders shall confer the right to receive notice of and to attend and vote at a general meeting

(b) On a show of hands, each holder present in person or (being a corporation) by a representative has one vote. On a poll each holder present in person or by proxy or (being a corporation) by a representative is entitled to exercise one vote for each 2.5 per cent. preference share held by him.

6. Full paid shares

2.5 per cent. preference shares may only be issued fully paid or credited as fully paid.