

16 - 04 - 97

No. of Company: 1630402



THE COMPANIES ACT 1985  
COMPANY LIMITED BY SHARES  
SPECIAL RESOLUTION

of

NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

Passed the 24<sup>th</sup> day of February 1997

At an Extraordinary General Meeting of the Company duly convened and held on the 24<sup>th</sup> day of February 1997 the following resolution was passed as a SPECIAL RESOLUTION:-

RESOLUTION

THAT conditional upon the Offer (as defined in the offer document dated 16<sup>th</sup> January 1997) made by Bridgford plc becoming unconditional in all respects:-

- (a) the authorised share capital of the Company be and it is hereby increased from £209 to £13,000,211.03 by the creation of 26,000,000 ordinary shares of £0.50 each and 203 golden shares of £0.01 each with the rights and being subject to the restrictions as set out in the new Articles of Association of the Company;
- (b) the directors be generally and unconditionally authorised, pursuant to section 80 of the Act, to exercise all powers of the Company to allot relevant securities up to an aggregate nominal amount of £13,000,002.03 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) five years from the date of this resolution giving this authority but the directors may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the directors may allot relevant securities pursuant to that offer or agreement;
- (c) the 209 issued shares of £1 in the share capital of the Company be and are hereby designated as 209 A ordinary shares of £1 each in the share capital of the Company having the rights and being subject to the restrictions set out in the new Articles of Association of the Company and that the secretary of the Company be authorised upon the recommendation of the Board to transfer the six issued shares of £1 each held in his name and to be redesignated as A ordinary shares under this resolution to

Bridgford Plc pursuant to the Offer referred to above for nil consideration;

- (d) the provisions of the Memorandum of Association with respect to its objects be and they are hereby altered by inserting immediately after Clause 3(X) the following new Clause to be numbered Clause (Y):

“(Y) In this clause 3(Y) the terms “Golden Share Business” “Special Director Business” “Special Directors” and “golden shareholders” shall have the meanings given to them in paragraph 1 of the Company’s new Articles of Association. Notwithstanding any of the provisions of the foregoing paragraphs of this clause 3 the Company shall not until the earlier of five years commencing on the date of the adoption of this new object clause 3(Y) and “Listing” (as defined in paragraph 1 of the Company’s Articles of Association) commit any act or omission which could give rise to any Golden Share Business (other than as defined in sub-paragraph 1.9 (iii) in paragraph 1 of the Company’s new Articles of Association) or Special Director Business without the prior approval in accordance with the provisions of the Company’s new Articles of Association of the golden shareholders or Special Directors respectively.”;

- (e) the Articles of Association contained in the printed document submitted to this meeting and for the purposes of identification signed by the Chairman thereof be and they are hereby adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company; and
- (f) pursuant to s.95(1) of the Companies Act 1985, s.89(1) shall not apply to any allotment of ordinary shares and golden shares by the Directors of the Company pursuant to the authority conferred on the Directors by this Resolution.

P. WHITE  
SECRETARY

## ARTICLES OF ASSOCIATION AND FORM OF RESOL

## THE COMPANIES ACT 1985

Company Limited by Shares

## NEW ARTICLES OF ASSOCIATION

of

## NOTTINGHAM FOREST FOOTBALL CLUB LIMITED

*(adopted by Special Resolution on 24 February 1997)*

## PRELIMINARY

1 In these articles:

- 1.1 "Act" means the Companies Act 1985 (as amended);
- 1.2 "Board" means the board of directors for the time being of the Company;
- 1.3 "Directors" means the directors for the time being of the Company, appointed pursuant to these Articles;
- 1.4 "Football Association" means the Football Association Limited registered in England and Wales with company number 77797;
- 1.5 "emoluments" shall include all salary and all items set out in paragraph 1(4) of Schedule 6 of the Act;
- 1.6 "Excess Remuneration" means emoluments together with any consultancy and management fees for services paid or payable by the Company in respect of the relevant accounting year of the Company to the Initial Shareholders or Initial Successors or persons connected to them which in aggregate exceed £260,000 (Index Linked);
- 1.7 "football business" means the footballing activities and the assets relating thereto and such activities as shall from time to time be properly regarded as ancillary thereto;
- 1.8 "golden shareholders" means the holders of the golden shares from time to time;
- 1.9 "Golden Share Business" means the happening of any of the following events on or prior to the Relevant Date:
  - (i) the deletion, amendment or replacement of clause 3(Y) of the Company's Memorandum of Association;
  - (ii) the voluntary winding up or dissolution of the Company;
  - (iii) a reduction in the Company's issued share capital (other than for the purpose of eliminating any accumulated deficit on the profit and loss reserves of the Company);
  - (iv) an increase in the number of golden shares beyond 203;
  - (v) the approval of a contract for the purposes of purchasing the Company's own shares;
  - (vi) any enhancement of the rights of the ordinary shares or amendment to these Articles which involves a variation or abrogation of the rights of the golden shares;
  - (vii) the variation of the voting rights of the Special Directors;
  - (viii) the variation of the voting rights of the Directors (other than the Special Directors) in a manner which is adverse to the rights of the Special Directors;
  - (ix) the approval of the amalgamation, reconstruction or merger of the Company other than for the purposes of a Listing;
  - (x) a change in the main colour on the Company's first team home shirt from garibaldi red (other than pursuant to any requirements of the Football Association or the League of which the first team is a member);
  - (xi) the payment of any dividend or other distribution or deemed distribution to shareholders by the Company;

(xii) the giving of any guarantee or other security by the Company in respect of the liabilities of:

- (a) the holders of the ordinary shares or the Initial Shareholders or the Initial Successors or any other third party which is a person connected with them; or
- (b) any other third party otherwise than in the ordinary course of football business; or

(xiii) the giving or making of any loans by the Company to:

- (a) the holders of the ordinary shares or the Initial Shareholders or the Initial Successors or any other third party which is a person connected with them; or
- (b) any other third party otherwise than in the ordinary course of football business;

(xiv) a Relevant Change of Ownership;

- 1.10 "holders of the ordinary shares" means the legal and/or beneficial owners of the ordinary shares from time to time;
- 1.11 "holding company", "subsidiary" and "associate" shall have the meanings given to them by Section 736 of the Act, Section 52 of the Companies Act 1989 and Section 435 Insolvency Act 1985 respectively;
- 1.12 "Initial Shareholders" means Nigel Wray, Irving Scholar, Julian Markham, Nick Leslau and Philip Soar;
- 1.13 "Initial Successors" means any person or persons who from time to time hold(s) the legal or beneficial interest in any shares in any holding company of the Company (other than those persons who are holders of shares in the Company immediately prior to adoption of these Articles) and "Initial Successor" means any of them;
- 1.14 "Listing" means the admission of the entire issued ordinary share capital of the parent company to the Official List of the London Stock Exchange or on any other recognised investment exchange ((as defined in the Financial Services Act 1986) and such admission becoming effective in accordance with the relevant regulatory rules;
- 1.15 "members' enclosure" means the seating enclosure currently designated at the date of adoption of these Articles as the Shareholders' Enclosure in the Main Stand at the City Ground, Nottingham in respect of which season tickets have been sold to the existing Shareholders of the Company for the 1996/1997 football season (or an alternative area which is no less reasonably adequate in the event of any redevelopment of the Main Stand);
- 1.16 "members' season ticket" means a season ticket in respect of a seat in the members' enclosure;
- 1.17 "members' facilities" means the right:
  - (i) to attend all football matches played at the City Ground, Nottingham in which any of the Company's football teams are taking part, (including all cup football matches);
  - (ii) to sit in a seat in the members' enclosure at football matches which members have the right to attend as provided in (i);
  - (iii) to have access to and use the members' private lounge and bar, catering (against payment for any beverages and/or food consumed other than tea, coffee, biscuits and soup at half-time of games, for which no payment will be made) and washroom facilities therein;
  - (iv) to invite up to two guests (for whom the member will be responsible) (subject to fire regulations from time to time) to enjoy, when accompanied by a member, the facilities provided in (iii) above, capacity permitting. Guests shall be registered in advance of each match and shall not be admitted until 15 minutes after the conclusion of any match;
  - (v) to gain access to the members' enclosure and lounge facilities via a private entrance thereto;
  - (vi) for so long as there shall be a Directors' coach, for eight golden shareholders, selected on a match by match basis by the Special Directors, to attend all football matches played by the Club's first team away from the City Ground, as the guest of the Directors (including the right to travel with the Directors on the Directors' coach), and
  - (vii) such priority as can be reasonably given to purchase tickets which are being sold by the Company for any football matches before any other persons when the availability of such seats are limited;
  - (viii) to a free match programme for each football match attended for which members have the right to attend as provided in (i);
- 1.18 "original golden shareholders" means the holder(s) of the golden shares immediately following the adoption of these Articles;

- 1.19 "persons" shall, unless the context otherwise requires, include bodies corporate, unincorporated associations and partnerships;
- 1.20 "parent company" means Bridgeford Plc (to be renamed Nottingham Forest Plc) a company incorporated in England and Wales, registered number 3293920;
- 1.21 "players" means those persons who are employed or otherwise engaged by the Company from time to time under any employment agreement or contract of services whose duties include playing football for the Company;
- 1.22 "Related Persons" means:
- (i) connected persons;
  - (ii) associated companies or companies under the control of the Initial Shareholders or an Initial Successor (as defined in Section 416 Income and Corporation Taxes Act 1988);
  - (iii) the trustees of any trust arising under a settlement *inter vivos*, a testamentary disposition by whomsoever made or intestacy in respect of which shares in the Company are held by, or under which the beneficial interest in the shares in question is for the time being vested in, an Initial Shareholder or an Initial Successor or the wife or child or grandchild (including any adopted child or stepchild or stepchildren) of an Initial Shareholder or an Initial Successor;
  - (iv) the trustees of a pension fund for the benefit, *inter alios*, of an Initial Shareholder or an Initial Successor or any of his Related Persons;
- and Related Person means any of those Related Persons;
- 1.23 "Relevant Date" the earlier of the fifth anniversary of the adoption of these Articles of Association or the date of Listing;
- 1.24 "Relevant Change of Ownership" means the Initial Shareholders or their respective Related Persons ceasing to hold the beneficial ownership of voting shares in the holding company of the Company such that there are not three Initial Shareholders whose average holding of voting shares in the holding company of the Company (including such shares held by their Related Persons) is more than 10 per cent. of the voting shares in the holding company of the Company;
- 1.25 "Special Directors" means the two directors of the Company for the time being appointed by the golden shareholders pursuant to Article 6 and who themselves are golden shareholders;
- 1.26 "Special Director Business" means the happening of any of the following events on or prior to the Relevant Date:
- (i) any material cessation of the footballing activities of the Company or any disposal of the footballing activities and the assets relating to such activities of the Company or any material part of such activities or assets (which, for the avoidance of doubt, shall not include the sale in the ordinary and usual course of business of the benefit of any of the players' contracts on arms' length terms);
  - (ii) a cessation of the Company's trade unless the Board has first been advised or has become aware that the Company is insolvent;
  - (iii) the Company acquiring any other football club either by merger or acquisition of shares or acquisition of any business and/or assets;
  - (iv) the recommendation by the Board of a dividend;
  - (v) any sale or disposal (other than by way of charge or mortgage) of any interest in the ordinary shares or any voting rights attached thereto;
  - (vi) the payment of any Excess Remuneration by the Company;
  - (vii) ceasing to play on a regular basis the home games of the Company's first team at the City Ground, Nottingham (except for any proposed cessation imposed by the Football Association or the League of which the first team is a member or by the Nottingham City Council under the terms of the leases granted to the Company by Nottingham City Council or due to events outside the control of the Company including without limitation an act of God or any regulations imposed by any governmental or quasi governmental body);
  - (viii) the failure to use or commit an amount equal to the difference between (a) 80 per cent. of the cumulative net proceeds of sale of the benefit of contracts of any player and/or the savings in salary arising as a consequence of the disposal of any player and (b) any negative cumulative cash flow on operating activities

(excluding transfer fees) of the footballing business (as derived by the auditors from the annual financial statements), in:

(aa) purchasing the benefit of contracts of new players; and/or

(bb) creating new employment contracts or contracts for services for new players or existing players; ~

For the purposes of this paragraph the amount to be regarded as committed shall include a sum equal to the total salary and emoluments payable to a player on the assumption his contract lasts for its full contractual term and the amount used shall include any amounts used or committed before the date of sale in contemplation of the receipt of such proceeds. The cumulative amounts shall be first measured from the date of adoption of these Articles of Association until 31 May 1999 and then annually thereafter. If on any 31 May (commencing on 31 May 1999) the auditors shall report that less than 80 per cent. shall have been so invested, the Company shall have a period of 9 months within which to remedy such failure;

(ix) any transaction between the Company and any one or more of the holders of the ordinary shares or the Initial Shareholders or the Initial Successors or anyone connected with them being made other than on arm's length commercial terms;

(x) any material diversification of the business of the Company from football business; or

(xi) any adverse variation to or cessation of all or any material part of the members' facilities other than for reasons outside the control of the Company;

1.27 "Table A" means Table A in the Schedule to the Companies (Tables A-F) Regulations 1985 as amended by the Companies (Tables A-F) (Amendment) Regulations 1985;

1.28 For the purpose of determining whether one person or company is connected to another person or company the provisions of Section 839 of the Income and Corporation Taxes Act 1988 shall apply and a "person connected" with a party shall have a corresponding meaning;

1.29 Where any amount is stated to be Index Linked it shall be increased annually on 31 December each year commencing on 31 December 1997 by a percentage equal to the percentage increase in the Retail Prices Index published by the Government most recently prior to 30 November in the year in question from the Index published most recently prior to 30 November in the previous year.

## 2 Table A

The regulations contained in or incorporated in Table A shall apply to the Company save insofar as they are excluded or varied hereby or are inconsistent herewith and such regulations (save as aforesaid) and the articles hereinafter contained shall be the regulations of the Company. Regulations 64,73-80, 86, 89 and 94 shall not apply.

## 3 Share Capital

3.1 The share capital of the Company is £13,000,211.03 divided into 203 golden shares of £0.01 each ("golden shares"), 26,000,000 ordinary shares of £0.50 each ("ordinary shares") and 209 A ordinary shares of £1.00 each ("A ordinary shares"). No share in the Company shall be sub-divided.

### 3.2 "golden shares"

The golden shareholders shall have no rights by virtue of being golden shareholders to receive any distribution of income nor any rights to attend and vote at general meetings of the Company. The provisions of Article 11 shall apply to the return of capital on a winding up. The special rights attaching to the golden shares are as follows:

3.2.1 to appoint, prior to the Relevant Date in accordance with Article 6, two Special Directors and to remove and replace the same; and

3.2.2 prior to the Relevant Date to prevent the occurrence of any Golden Share Business without the prior written (or deemed written) consent of 75 per cent. of the golden shareholders.

The provisions of paragraphs 3.2.1 and 3.2.2 shall cease to have effect on the Relevant Date on or after which date the Company may at its option redeem all or any golden shares at par. The persons who are golden shareholders at the date of redemption shall be entitled to continue to enjoy the privileges set out in paragraph 3.1 subject to satisfaction of the terms of that clause.

3.3 The golden shares shall be non-transferable except upon death in which event the provisions of regulation 29 of Table A shall apply save that no transfer of golden shares on behalf of a deceased holder of golden shares shall

be approved and the Directors shall be entitled to decline to register any such transfer unless the deceased's entire holding (if any) of ordinary shares in the Company's parent company (if there is one) is also transferred to the person entitled to the golden share on the death of the holder of the golden share.

3.4 No person (other than a spouse of a deceased golden shareholder) shall be entitled to be registered in respect of more than one golden share and, consequently, a transfer of a golden share to an existing golden shareholder (other than the spouse of a deceased golden shareholder) shall not be approved and the Directors shall be entitled to decline to register any such transfer. No golden share shall be held in the name or for the benefit of more than one person nor shall any golden share be held in the name of any limited company or other incorporated or unincorporated body.

3.5 No person shall be entitled to hold or have any interest in or voting arrangements in place in respect of more than four golden shares and should the Directors become aware that any person holds or has any interest in more than four golden shares or voting arrangements in respect thereto then the Company shall notify such person he has breached the provisions of this Regulation and that he has 30 days from such notice to remedy such breach (although the Company shall not be bound to notify any individual who has previously breached article 3.5) and if he fails to do so within 30 days the Directors may resolve that each of the golden shares which he holds or has an interest in or voting arrangements in place in respect of shall be redeemed by the Company at par pending which time the holders thereof shall not be entitled to any rights or privileges in respect of such golden shares.

3.6 The Company shall give the golden shareholders not less than 30 days' prior written notice of any intention to do any of the acts comprising Golden Share Business including a note explaining to the golden shareholders the consequences of failing to respond within 30 days. The Directors shall have no power to effect any of the matters comprising Golden Share Business without the requisite sanction of the golden shareholders in accordance with paragraph 3.2.2. Any golden shareholder who fails to indicate in writing to the Company at the registered office whether or not he approves of the proposed act or omission within 30 days of receipt of written notice from the Company shall be deemed to have provided his/her written approval to the proposal.

3.7 "A ordinary shares"

The holders of the A ordinary shares shall have a right to attend and vote at general meetings but no entitlement to any right to receive any distribution of income. The provisions of paragraph 11 shall apply to the return of capital on a winding up. The A ordinary shares shall only be capable of transfer to the parent company.

3.8 "ordinary shares"

The holders of the ordinary shares shall be entitled to attend and vote at general meetings and shall be entitled to dividends in accordance with these articles. The provisions of paragraph 11 shall apply to the return of capital on a winding up.

4 Variation of class rights

4.1 Any of the rights for the time being attached to any share or class of shares in the Company (and notwithstanding that the Company may be or may be about to be in liquidation) may be varied or abrogated in such manner (if any) as may be provided by such right or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the paid up issued shares of the class or with the sanction of an extraordinary resolution passed at a general meeting of holders of shares of the class duly convened and held as hereinafter provided but not otherwise.

4.2 All the provisions of these Articles as to general meetings shall mutatis mutandis apply to every meeting of the holders of any class of shares. The quorum at any such meeting shall be at least two persons holding in person or by proxy at least one-third of the nominal amount paid up of the issued shares of that class. Every holder of shares of the class, present in person or by proxy, may demand a poll. Each such holder shall on a poll be entitled to one vote for every share of the class held by him. If at any general meeting of the holders of any class of shares other than the golden shares, the quorum as aforesaid is not present, one person holding shares of the class who is present in person or by proxy shall be a quorum.

4.3 For the avoidance of doubt, the rights or privileges attached to the golden shares shall not be deemed to be varied or abrogated by the allotment of further shares ranking in priority thereto in respect of income or capital nor by redemption by the Company of its own shares in accordance with the provisions of the Act and these Articles.

5 Allotment

5.1 Subject to the provisions of the Act and to any relevant authority of the Company in general meeting required by the Act, unissued shares at the date of adoption of these Articles and any shares hereafter created shall be

at the disposal of the Board, which may allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of, them or grant rights to subscribe for or convert any security into shares, to such persons (including the Directors themselves), at such times and generally on such terms and conditions, as the Board may decide, provided that no share shall be issued at a discount.

5.2 Section 89(1) of the Act shall not apply to the Company.

5.3 The maximum number of golden shares shall be 203 and this shall be a class right.

## 6 Directors

6.1 Unless and until otherwise determined by the Company in general meeting, the number of Directors (not including any Alternate Directors) shall not be less than two or more than twelve.

6.2 Notwithstanding any other provision contained in these Articles, the rights to appoint and remove the Special Directors shall rest solely with the golden shareholders who shall be entitled, by the passing of a resolution or the signing of a written resolution by a simple majority of the holders of golden shares, to appoint up to two Special Directors of the Company and remove any such person so appointed and appoint another person in his place. A Special Director shall be a permanent director (until the Relevant Date or until removed pursuant to this Article by a simple majority of the golden shareholders) and regulations 73 to 75 (inclusive) of Table A shall not apply to the Special Directors. If a Special Director dies or retires from office the vacancy may only be filled by appointment of a director by the golden shareholders pursuant to this Article. If an existing director is nominated to become a Special Director, he shall on termination of his nomination continue to act as a director of the Company but shall retire at the next following Annual General Meeting. Subject to Article 10 below, the remuneration and expenses to be paid to the Special Directors shall be payable by the Company.

6.3 The Directors are not subject to retirement by rotation. The last sentence of regulation 84 is accordingly deleted.

6.4 A Director is not required to hold qualification shares in the Company. The office of a Director shall be vacated if the Director is suspended by the Football Association from taking part in football management.

6.5 Regulation 81 is amended:

6.5.1 by replacing "by notice to the company" in paragraph (d) with "by notice delivered to the office or tendered at a meeting of the Directors"; and

6.5.2 by adding the following paragraph:

"(f) he, being a person other than a Special Director, is served a written notice, signed on behalf of the parent company."

6.6 A person is not disqualified from being a Director by having attained any particular age.

6.7 Regulation 84 is amended by replacing "the directors may appoint" with "the Directors may, with the approval of the parent company (if there is one), appoint".

6.8 Regulation 85 is amended by replacing "provided that he has disclosed to the Directors the nature and extent of any material interest of his" with "provided that he has obtained the approval of the parent company (if there is one)".

6.9 Regulation 87 is amended by replacing "The Directors may provide benefits" with "The Directors may, with the approval of the parent company (if there is one), provide benefits".

6.10 Subject to Article 6.1 a member, or members, holding a majority in nominal value of the issued ordinary shares in the Company, may appoint from time to time any number of persons who are willing to act as Directors or to fill a vacancy or as additional Directors and may remove from office any Director (other than a Special Director prior to the Relevant Date) howsoever appointed. Any such appointment or removal shall be effected by an instrument in writing signed by the member or members concerned or, in the case of a corporate member, signed by one of its directors on its behalf and shall take effect on lodgement at the registered office or being handed or otherwise communicated to the chairman of a meeting of the Directors at which a quorum is present. The provisions of this regulation shall not apply to Special Directors except following the Relevant Date.

## 7 Proceedings of Directors

7.1 The quorum necessary for the transaction of business other than Special Director Business may be determined by the Board and until otherwise determined shall be three Directors which shall include at least two Directors appointed pursuant to paragraph 6.10 who are not Special Directors. No Special Director Business shall be

transacted by the Company unless approved at a board meeting at which the quorum shall be three Directors at least two of whom have been appointed pursuant to paragraph 6.10 and are not Special Directors and at least one of whom is a Special Director or his duly appointed alternate. A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions for the time being vested in or exercisable by the Board.

- 7.2 Questions arising at any meeting of the Board shall be determined by a simple majority of votes cast subject to regulation 7.4 and save that, in respect of Special Director Business, no Special Director Business shall be approved unless both of the Special Directors shall have indicated their approval at the relevant board meeting or in writing. In the case of an equality of votes in relation to Special Director Business, the chairman shall not have a second or casting vote.
- 7.3 The special rights of the Special Directors regarding Special Director Business set out in paragraphs 7.1 and 7.2 shall cease on the Relevant Date.
- 7.4 Save in relation to Special Director Business, each Director appointed pursuant to paragraph 6.10 above by the parent company shall have five votes.
- 7.5 Any Director or his alternate may validly participate in a meeting of the Board or a committee of the Board through the medium of conference telephone or similar form of communication equipment provided that all persons participating at the meeting are able to hear and speak to each other throughout such meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in the quorum and be entitled to vote. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no group which is larger than any other, where the chairman of the meeting is situated.
- 7.6 A resolution in writing executed by all the Directors for the time being entitled to receive notice of a Board meeting and entitled to vote thereat or by all the members of a committee of the Board, shall be as valid and effective for all purposes as a resolution duly passed at a meeting of the Board or committee (as the case may be). Such a resolution:
  - 7.6.1 may consist of several documents in the same form each executed by one or more of the Directors or members of the relevant committee, including any documents which have been transmitted by means of facsimile;
  - 7.6.2 need not be signed by an alternate director if it is signed by the Director who appointed him; and
  - 7.6.3 if signed by an alternate director, need not also be signed by his appointor.
- 7.7 Regulation 91 is amended by replacing "The directors may appoint one of their number to be the chairman of the board of directors" with "The parent company may appoint and remove the chairman of the Board by notice to the Company. If and so long as the position of chairman is vacant, the Directors may appoint one of their number to be the chairman".
- 7.8 A Director may vote at a meeting of the Directors or at a committee on a resolution which concerns or relates to a matter in which he has, directly or indirectly, an interest but he remains obliged in any event to declare his interest in accordance with section 317 of the Act.

## 8 Season Tickets

- 8.1 Each golden shareholder shall be entitled to purchase a members' season ticket by payment of a subscription price of £495 for each of the next five football seasons commencing with the 1997/1998 football season and thereafter at a price which will not increase beyond the average increase in season ticket prices (by reference to the immediately previous season) in the rest of the ground. Upon purchasing a members' season ticket, the golden shareholders shall be entitled to use all the members' facilities listed in paragraph 1.17 above. For the avoidance of doubt, if a golden shareholder does not pay his subscription in respect of his members' season ticket on or before 31 July in any year he shall, subject to paragraph 8.2, cease to be entitled under this Article 8 at any time after that to purchase a members' season ticket or to use members' facilities and the Directors may resolve to sell such members' season ticket for the football season commencing next after 31 July in the relevant year and for each football season thereafter, to whomsoever they choose.
- 8.2 The original golden shareholders shall be entitled to the title Life Vice President and to use the members' facilities listed in sub-paragraph 1.17 (iii) above.

## 9 Dividends, Reserves and Capitalisation of Profits

- 9.1 Subject to the provisions of paragraphs 1.9(xi) and 3.2, the Company in general meeting may from time to time declare dividends to be paid to the holders of ordinary shares according to their rights and interests in the profits and reserves available for distribution but no dividend shall exceed the amount recommended by the Board and

in any event the maximum dividend allowed from time to time by the Football Association. The dividend may be cumulative for a period not exceeding three years (that is to say the past three consecutive years),

- 9.2 Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide:
- 9.2.1 all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share; and
- 9.2.2 all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
- 9.3 Subject to the provisions of paragraph 9.1 the Board may from time to time pay to the holders of ordinary shares such interim dividends as appear to the Board to be justified by the position of the Company; the Board may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever the Company's position, in the opinion of the Board, justifies such a payment.
- 9.4 The Board may deduct from any dividend or other moneys payable by the Company to a holder of ordinary shares or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.
- 9.5 No dividends or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.
- 9.6 Any dividend unclaimed after a period of three years from the date of declaration of such dividend shall be forfeited and shall revert to the Company and the payment by the Board of any unclaimed dividend, interest or other sum payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.
- 9.7 Any general meeting declaring a dividend may by ordinary resolution, upon the recommendation of the Board and subject to the written consent of the Council of the Football Association, direct payment or satisfaction of such dividend wholly or in part by the distribution of specific assets and, in particular, of paid up shares or debentures in the Company, and the Board shall give effect to such direction, and where any difficulty arises in regard to such distribution the Board may settle it, as it thinks expedient, and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for distribution purposes of any such specific assets and may determine that cash payments shall be made to any holders of ordinary shares upon the footing of the value so fixed in order to secure equality of distribution and may vest any such specific assets in trustees as may seem expedient to the Board.
- 9.8 The Board may, before recommending any dividend, set aside out of the profits of the Company such sum as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may also, without placing the same into reserve, carry forward any profits which it may think prudent not to distribute.
- 9.9 The Company may, upon the recommendation of the Board and subject to the written consent of the Council of the Football Association, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund which is available for distribution or to the credit of any share premium account or any capital redemption reserve fund and accordingly that such amount be set free for distribution among the holders of ordinary shares or any class of holders of ordinary shares who would be entitled thereto if distributed by way of dividend and in the same proportions, on the footing that the same not be paid in cash but be applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such members respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid among such holders of ordinary shares, or partly in one way and partly in the other, and the Board shall give effect to such resolution, provided that, for the purposes of this Article, a share premium account and a capital redemption reserve fund may be applied only in the paying up of unissued shares to be issued to such holders of ordinary shares credited as fully paid.
- 9.10 Where any difficulty arises in regard to any distribution under the last preceding Article the Board may settle the same as it thinks expedient and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or may resolve that the distribution shall be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any holders of ordinary shares in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the holders of ordinary shares.

## 10 Remuneration of Directors

- 10.1 Save as provided in Article 10.2, the Directors (as defined by the Act) shall not be entitled to receive any remuneration in respect of the office of director or as an employee of the Company but shall be entitled to receive reimbursement of expenses legitimately incurred in the course of their duties on receipt of appropriate invoices.
- 10.2 The Directors may receive remuneration in consideration of their appointment as directors provided that the terms of such appointment are notified and approved by the Football Association and the League of which the Company's first team is a member and that such appointment is in respect of full time employment.

## 11 Winding up

- 11.1 On the winding up of the Company the surplus assets shall be applied first, in repaying to the members the amount paid on their shares respectively and if such assets shall be insufficient to repay the said amount in full they shall be applied rateably so that the loss shall fall upon the members in proportion to the amount called upon their shares respectively and no member shall be entitled to have any call upon other members for the purposes of adjusting the members rights; but where any call has been made and has been paid by some of the members such call shall be enforced against the remaining members for the purpose of adjusting the rights of the members between themselves.
- 11.2 If the surplus assets shall be more than sufficient to pay to the members the whole amount paid on their shares the balance shall be given to the Football Association Benevolent Fund, or some other Club or Institution in the County of Nottinghamshire having objects similar to those contained in the Memorandum of Association of the Company or to any local charity or charitable or benevolent institution situated within the County of Nottinghamshire such Club, Institution or Charity to be decided upon, and such property apportioned among all or any of such Clubs, Institutions or Charities, by the members of the Company at or before the time of dissolution as they shall direct, or in default of any such decision or appointment by the members of the Company, the same to be decided upon and apportioned by a Judge of the High Court of Justice having jurisdiction in such winding up or dissolution and as he shall determine, or such balance may be disposed of in such other manner as the members of the Company with the consent of the Council of the Football Association, as then existing, shall determine.

## 12 Accounts

- 12.1 A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting, together with a copy of the auditor's report shall be sent to every member of the Company not less than 21 days before the date of the meeting provided that this regulation shall not require a copy of those documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of any shares.
- 12.2 Regulation 109 is amended by replacing "No member shall (as such) have any right of inspecting any accounting records" with "No member, other than the parent company (if there is one), shall (as such) have the right of inspecting any accounting records".

## 13 Minutes

- Regulation 100 is amended by replacing paragraphs (a) and (b) with "of all proceedings of general meetings of the Directors".

## 14 Notices

- A notice required by these articles to be given by the Company may be given by any visible form of paper, including telex or facsimile. A notice given by immediate transmission is deemed to have been given at the time it is transmitted to the person to whom it is addressed. Regulations 111 and 113 are amended accordingly.

## 15 Indemnity

- Regulation 118 is amended:
- (a) by adding after "shall be indemnified out of the assets of the Company" the words "against losses and liabilities which he incurs, otherwise than as a result of his own negligence or default, in connection with the performance of his duties as such" and;
  - (b) by adding after "in which judgment is given in his favour" the words "or where the proceedings are withdrawn or settled on terms which do not include a finding or admission of a material breach of duty by him"; and
  - (c) by adding the following sentence:  
 "Subject to the provisions of the Act and with the approval of the parent company (if there is one), the Directors may purchase and maintain insurance at the expense of the Company for the benefit of the Directors or other officers or the auditors against liability which attaches to them for loss or expenditure which they incur in relation to anything done or omitted or alleged to have been done or omitted as Directors, officers or auditors".