

Company number
2285049



THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES

WRITTEN RESOLUTION

OF

TRIAD GROUP PLC

(passed on *13th March*, 1996)

In accordance with article 15 of the articles of association of the company we, being the holders of all the shares in the capital of the company entitled to attend and vote as general meetings, hereby resolve as a special resolution as follows:

SPECIAL RESOLUTION

That, conditional upon the London Stock Exchange admitting the ordinary share capital, issued and being issued, of the company to the Official List prior to 5 p.m. on 20th March, 1996:

- (1) each of the 1,320,000 existing ordinary shares of 10p each, both issued and unissued, in the capital of the company be sub-divided into ten ordinary shares of 1p each;
- (2) the authorised share capital of the company be increased by £203,000 to £335,000 by the creation of an additional 20,300,000 ordinary shares of 1p each ranking pari passu in all respects as one class of shares with the existing ordinary shares in the capital of the company;
- (3)
 - (a) the directors be generally and unconditionally authorised, in accordance with section 80 of the Companies Act 1985, to exercise all powers of the company to allot relevant securities (as defined for the purposes of that section) up to a maximum nominal amount of £284,646;
 - (b) this authority shall expire at the conclusion of the next annual general meeting;
 - (c) the company may, before this authority expires, make an offer or agreement which would or might require relevant securities to be allotted under this authority after it expires; and
 - (d) all previous authorities under section 80 of the Companies Act 1985 shall cease to have effect;

- (4) (a) the directors be given power to allot for cash equity securities (as defined for the purposes of section 89 of the Companies Act 1985) pursuant to the general authority under section 80 of that Act conferred on them by this resolution as if section 89(1) of that Act did not apply to the allotment but this power shall be limited:
- (i) to the allotment of equity securities in connection with an offer or issue to or in favour of ordinary shareholders on the register on a date fixed by the directors where the equity securities respectively attributable to the interests of all those shareholders are proportionate (as nearly as practicable) to the respective numbers of ordinary shares held by them on that date but the directors may make such exclusions or other arrangements as they consider expedient in relation to fractional entitlements, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange; and
 - (ii) to the allotment (other than under (i) above) of equity securities having, in the case of relevant shares (as defined for the purposes of section 89), a nominal amount or, in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having a nominal amount not exceeding in aggregate £12,588;
- (b) this power shall expire at the conclusion of the next annual general meeting of the company after the passing of this resolution; and
- (c) the company may, before this power expires, make an offer or agreement which would or might require equity securities to be allotted after it expires;
- (5) the directors be authorised and directed to apply the sum of £77,296.40 standing to the credit of the company's capital redemption reserve, £28,519.50 standing to the credit of the company's share scheme premium account and £95,599.30 standing to the credit of the company's profit and loss account in paying up in full at par 20,141,520 unissued ordinary shares of 1p each in the company to be allotted and distributed credited as fully paid up at par to and among the holders of the existing issued ordinary shares in the capital of the company in the proportion of four new ordinary shares of 1p each for every ordinary share of 1p then held by them or as they may direct;
- (6) the regulations set out in the printed document marked "A" and attached to this resolution be adopted as the articles of association of the company in substitution for all existing articles of association of the company; and
- (7) (a) the Triad Group Plc Share Option Scheme (the "**Share Option Scheme**"), set out in the document marked "B" attached to this resolution, be approved and adopted (subject to any amendments required by the Inland Revenue in order to obtain approval of the Share Option Scheme under the Income and Corporation Taxes Act 1988);
- (b) the directors of the company be authorised to do all acts and things which they may consider necessary or expedient for the purpose of implementing and giving effect to the same.

.....
 Signed by
 J.C. Rigg

.....
 Signed by
 for Abacus (C.I.) Limited

.....
 Signed by
 A.M. Fulton

.....
 Signed by Alistair Fulton
 as attorney for
 C.J. Duckworth

.....
 Signed by Alistair Fulton
 as attorney for
 G.P. Newell

.....
 Signed by Alistair Fulton
 as attorney for
 J.E. Kaufmann

.....
 Signed by Alistair Fulton
 as attorney for
 S. Wahl

.....
 Signed by Derek Gray as attorney
 for Claybrooke Investments Limited

.....
 Signed by
 R.M. Drummond

.....
 Signed by
 for Abacus (Nominees) Limited

.....
 Signed by Alistair Fulton
 as attorney for
 J. Haigh

.....
 Signed by Tim Eglen
 as attorney for
 R.D. Jeffrey-Cook

.....
 Signed by Alistair Fulton
 as attorney for
 C.P. Brown

.....
 Signed by Alistair Fulton
 as attorney for
 H.P. Goodman

.....
 Signed by Alistair Fulton
 as attorney for
 R.I. Kirby

.....
 Signed by
 T. Eglen

.....
 Signed by Alistair Fulton
 as attorney for
 D. Brockman

.....
 Signed by Alistair Fulton
 as attorney for
 P.R. Hughes

.....
 Signed by Tim Eglen
 as attorney for
 M. Hurst

.....
 Signed by Alistair Fulton
 as attorney for
 D. McBride

.....
 Signed by Alistair Fulton
 as attorney for
 B. Myers

.....
 Signed by Tim Eglen
 as attorney for
 M. Partridge

.....
 Signed by Tim Eglen
 as attorney for
 L. Goacher

.....
 Signed by Tim Eglen
 as attorney for
 E. Eglen

.....
 Signed by Alistair Fulton
 as attorney for
 E. Duckworth

.....
 Signed by Alistair Fulton
 as attorney for
 E. Fulton

.....
 Signed by Alistair Fulton
 as attorney for
 C.J. Stocker

.....
 Signed by Alistair Fulton
 as attorney for
 K.J. Stocker

.....
 Signed by Alistair Fulton
 as attorney for
 J. Sloper

.....
 Signed by Alistair Fulton
 as attorney for
 M. Haigh

.....
 Signed by Derek Gray as attorney
 for Evington Limited

.....
 Signed by
 for Mercury Grosvenor Trust plc

.....
 Signed by
 for Grosvenor General Partner Limited

.....
 Signed by
 for Third Grosvenor Limited

.....
 Signed by Mira Makar
 as attorney for
 I. Haynes

.....
 Signed by Alistair Fulton
 as attorney for
 G. Hollingworth

.....
 Signed by Mira Makar
 as attorney for
 Y. Dixey

.....
 Signed by Mira Makar
 as attorney for
 N. Whittaker

.....
 Signed by Mira Makar
 as attorney for
 P. Blackwell

.....
 Signed by Mira Makar
 as attorney for
 M. Dawkins

.....
 Signed by Alistair Fulton
 as attorney for
 J. Dugdale Moore

"A"

THE COMPANIES ACT 1985

A PUBLIC COMPANY LIMITED BY SHARES

NEW
ARTICLES OF ASSOCIATION
OF
TRIAD GROUP PLC

(ADOPTED BY SPECIAL RESOLUTION PASSED ON ,1996)

NO. 2285049

ALLEN & OVERY
LONDON
C2:73088.1

INDEX

	<i>Page</i>
PRELIMINARY	1
1. Table A not to apply	1
2. Interpretation	1
SHARE CAPITAL	3
3. Authorised share capital	3
4. Rights attached to shares	3
5. Unissued shares	4
6. Authority to allot relevant securities	4
7. Dis-application of pre-emption rights	4
8. Power to pay commission and brokerage	5
9. Power to increase, consolidate, sub-divide and cancel shares	5
10. Power to issue redeemable shares	6
11. Power to purchase own shares	6
12. Power to reduce capital	6
13. Conversion of shares into stock	6
14. Share Warrants	6
15. Trusts not recognised	7
VARIATION OF RIGHTS	7
16. Variation of rights	7
SHARE CERTIFICATES	8
17. Issue of certificates	8
18. Charges for and replacement of certificates	8
19. Other methods of recording title	9
LIEN ON SHARES	9
20. Lien on partly paid shares	9
21. Enforcement of lien	9
CALLS ON SHARES	10
22. Calls	10
23. Interest on calls	10
24. Sums treated as calls	10
25. Power to differentiate	10
26. Payment of calls in advance	10

FORFEITURE OF SHARES	11
27. Notice of unpaid calls	11
28. Forfeiture on non-compliance with notice	11
29. Power to annul forfeiture or surrender	11
30. Disposal of forfeited or surrendered shares	11
31. Arrears to be paid notwithstanding forfeiture or surrender	12
UNTRACED MEMBERS	12
32. Sale of shares of untraced members.....	12
33. Application of proceeds of sale	13
TRANSFER OF SHARES.....	13
34. Form of transfer	13
35. Right to refuse to register transfers.....	13
36. No fee payable.....	14
37. Retention of instruments	14
38. Power to suspend registration of transfers	14
39. Renunciations and other methods of transfer.....	14
TRANSMISSION OF SHARES	14
40. Transmission on death	14
41. Election of person entitled by transmission	15
42. Rights of person entitled by transmission.....	15
DISCLOSURE OF INTERESTS IN SHARES	15
43. Disclosure of interests in shares	15
GENERAL MEETINGS.....	17
44. Annual general meetings	17
45. Extraordinary general meetings	17
46. Convening of extraordinary general meetings	17
NOTICE OF GENERAL MEETINGS.....	18
47. Length and form of notice	18
48. Omission or non-receipt of notice	18

PROCEEDINGS AT GENERAL MEETINGS	18
49. Quorum	18
50. Security	18
51. Chairman	19
52. Directors entitled to attend and speak	19
53. Adjournment	19
55. Method of voting and demand for poll	20
56. How poll to be taken	20
57. Chairman's casting vote	21
VOTES OF MEMBERS	21
58. Voting rights	21
59. Representation of corporations	21
60. Voting rights of joint holders	21
61. Voting rights of members incapable of managing their affairs	22
62. Voting rights suspended where sums overdue	22
63. Objections to admissibility of votes	22
PROXIES	22
64. Proxies	22
65. Form of proxy	22
66. Deposit of proxy	23
67. Notice of revocation of proxy	24
DIRECTORS	24
68. Number of directors	24
69. Directors need not be members	24
70. Age of directors	24
APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS	24
71. Appointment of directors by the Company	24
72. Separate resolutions for appointment of each director	25
73. The board's power to appoint directors	25
74. Retirement of directors	25
75. Selection of directors to retire by rotation	25
76. Removal of directors	26
77. Vacation of office of director	26
78. Executive directors	26
ALTERNATE DIRECTORS	27
79. Power to appoint alternate directors	27

REMUNERATION, EXPENSES AND PENSIONS	28
80. Remuneration of directors	28
81. Special remuneration	28
82. Expenses	28
83. Pensions and other benefits	28
POWERS OF THE BOARD	29
84. General powers of the board to manage Company's business	29
85. Power to act notwithstanding vacancy	29
86. Provisions for employees	29
87. Power to borrow money	29
DELEGATION OF BOARD'S POWERS	33
88. Delegation to individual directors	33
89. Committees	33
90. Local boards	34
91. Powers of attorney	34
DIRECTORS' INTERESTS	34
92. Directors' interests and voting	34
PROCEEDINGS OF THE BOARD	37
93. Board meetings	37
94. Notice of board meetings	37
95. Quorum	37
96. Chairman or deputy chairman to preside	37
97. Competence of meetings	38
98. Voting	38
99. Telephone meetings	38
100. Resolutions in writing	38
101. Validity of acts of directors in spite of formal defect	38
102. Minutes	39
SECRETARY	39
103. Secretary	39
SEAL	
104. Seal	39

DIVIDENDS	40
105. Declaration of dividends by the Company.....	40
106. Fixed and interim dividends	40
107. Calculation and currency of dividends	40
108. Method of payment.....	40
109. Dividends not to bear interest.....	41
110. Calls or debts may be deducted from dividends.....	41
111. Unclaimed dividends etc.....	41
112. Uncashed dividends	41
113. Dividends in specie.....	41
114. Scrip dividends	42
CAPITALISATION OF RESERVES	43
115. Capitalisation of reserves	43
116. Capitalisation of reserves - employees' share schemes.....	44
RECORD DATES	44
117. Fixing of record dates	44
ACCOUNTS	45
118. Accounting records	45
NOTICES.....	45
119. Notices to be in writing	45
120. Service of notices.....	45
121. Notice by advertisement.....	45
122. Evidence of service	46
123. Record date for service	46
124. Service of notice on person entitled by transmission.....	46
DESTRUCTION OF DOCUMENTS	46
125. Destruction of documents.....	46
WINDING UP	47
126. Powers to distribute in specie	47
INDEMNITY	48
127. Indemnity of officers.....	48

Company number
2285049

THE COMPANIES ACT 1985

A PUBLIC COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION

OF

TRIAD GROUP PLC

(adopted by special resolution passed on ,1996)

PRELIMINARY

1. **Table A not to apply**

The regulations in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 shall not apply to the Company.

2. **Interpretation**

(1) In these articles, unless the contrary intention appears:

(a) the following definitions apply:

Act	...	means the Companies Act 1985;
these articles	...	means these articles of association, as from time to time altered;
board	...	means the board of directors for the time being of the Company;
clear days	...	means, in relation to the period of a notice,

		that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
committee	...	means a committee of the board;
director	...	means a director for the time being of the Company;
holder	...	in relation to any share means the member whose name is entered in the register as the holder of that share;
London Stock Exchange	...	means The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited;
market nominee	...	means a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange within the meaning of section 185(4) of the Act;
the office	...	means the registered office for the time being of the Company;
paid up	...	means paid up or credited as paid up;
person entitled by transmission	...	means a person whose entitlement to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to its transmission by operation of law has been noted in the register;
register	...	means the register of members of the Company;
seal	...	means any common seal of the Company or any official seal or securities seal which the Company may have or be permitted to have under the Statutes;
secretary	...	means the secretary of the Company or, if there are joint secretaries, any of the joint secretaries and includes an assistant or deputy secretary and any person appointed by the board to perform any of the duties of the secretary of the Company; and

Statutes ... means the Act and every other statute, statutory instrument, regulation or order for the time being in force concerning companies registered under the Act;

- (b) any other words or expressions defined in the Act (as in force on the date of adoption of these articles) have the same meaning in these articles except that the word "company" includes any body corporate;
 - (c) any reference elsewhere in these articles to any statute or statutory provision includes a reference to any modification or re-enactment of it for the time being in force;
 - (d) words importing the singular number include the plural number and vice versa, words importing the masculine gender include the feminine gender and words importing persons include bodies corporate and unincorporated associations;
 - (e) any reference to writing includes a reference to any method of representing or reproducing words in a legible and non-transitory form;
 - (f) any reference to a document being sealed or executed under seal or under the common seal of any body corporate (including the Company) or any similar expression includes a reference to its being executed in any other manner which has the same effect as if it were executed under seal; and
 - (g) any reference to a meeting shall not be taken as requiring more than one person to be present in person if any quorum requirement can be satisfied by one person.
- (2) Subject to the provisions of the Statutes a special or extraordinary resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required and a special resolution shall be effective for any purpose for which an extraordinary resolution is required under these articles.
- (3) Headings to these articles are inserted for convenience only and shall not affect construction.

SHARE CAPITAL

3. Authorised share capital

The authorised share capital of the Company at the date of adoption of these articles is £335,000 divided into 33,500,000 ordinary shares of 1p each.

4. Rights attached to shares

Subject to the provisions of the Statutes and to the rights conferred on the holders of any other shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the board may decide.

5. Unissued shares

Subject to the provisions of the Statutes, these articles and any resolution of the Company, the board may offer, allot (with or without conferring a right of renunciation), grant options over or otherwise deal with or dispose of any unissued shares (whether forming part of the original or any increased capital) to such persons, at such times and generally on such terms as the board may decide.

6. Authority to allot relevant securities

The Company may from time to time pass an ordinary resolution referring to this article and authorising, in accordance with section 80 of the Act, the board to exercise all the powers of the Company to allot relevant securities and:

- (a) on the passing of the resolution the board shall be generally and unconditionally authorised to allot relevant securities (as defined for the purposes of that section) up to the nominal amount specified in the resolution; and
- (b) unless previously revoked the authority shall expire on the day specified in the resolution (not being more than five years after the date on which the resolution is passed),

but any authority given under this article shall allow the Company, before the authority expires, to make an offer or agreement which would or might require relevant securities to be allotted after it expires.

7. Dis-application of pre-emption rights

- (1) Subject to the board being generally authorised to allot relevant securities in accordance with section 80 of the Act, the Company may from time to time resolve by a special resolution referring to this article that the board be given power to allot equity securities for cash and, on the passing of the resolution, the board shall have power to allot (pursuant to that authority) equity securities for cash as if section 89(1) of the Act did not apply to the allotment but that power shall be limited:

- (a) to the allotment of equity securities in connection with a rights issue; and
- (b) to the allotment (other than in connection with a rights issue) of equity securities having, in the case of relevant shares, a nominal amount or, in the case of other equity securities, giving the right to subscribe for, or to convert into, relevant shares having, a nominal amount not exceeding in aggregate the sum specified in the special resolution

and unless previously revoked that power shall expire on the date (if any) specified in the special resolution or if earlier at the conclusion of the next annual general meeting of the Company but the Company may before the power expires make an offer or agreement which would or might require equity securities to be allotted after it expires.

- (2) For the purposes of this article:

- (a) "equity security" and "relevant share" have the meanings given to them in section 94 of the Act; and
-

-
- (b) "rights issue" means an offer or issue to or in favour of shareholders on the register on a date fixed by the board where the equity securities respectively attributable to the interests of all those shareholders are proportionate (as nearly as practicable) to the respective number of shares held by them on that date but the board may make such exclusions or other arrangements as the board considers expedient in relation to fractional entitlements or legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange.

8. Power to pay commission and brokerage

The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Statutes.

9. Power to increase, consolidate, sub-divide and cancel shares

(1) The Company may by ordinary resolution:

- (a) increase its capital by the creation of new shares of such amount as the resolution prescribes;
- (b) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- (c) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association or these articles, but so that the proportion between the amount paid up and the amount (if any) not paid up on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
- (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

(2) A resolution by which any share is sub-divided may determine that, as between the holders of the shares resulting from the sub-division, one or more of the shares may have such preferred or other special rights, or may have such qualified or deferred rights or be subject to such restrictions, as compared with the other or others, as the Company has power to attach to new shares.

(3) If as a result of any consolidation of shares any members would become entitled to fractions of a share, the board may deal with the fractions as it thinks fit and in particular may (on behalf of those members) sell the shares representing the fractions to any person (including, subject to the provisions of the Statutes, the Company) and distribute the net proceeds of sale in due proportion among those members (except that any proceeds less than a sum fixed by the board may be retained for the benefit of the Company). For the purpose of any such sale the board may authorise some person to transfer the shares to or as directed by the purchaser, who shall not be bound to see to the application of the purchase money; nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings relating to the sale.

10. Power to issue redeemable shares

Subject to the provisions of the Statutes any share may be issued which is to be redeemed or is liable to be redeemed at the option of the Company or the shareholder.

11. Power to purchase own shares

Subject to the provisions of the Statutes and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its shares of any class, including any redeemable shares.

12. Power to reduce capital

Subject to the provisions of the Statutes and to any rights conferred on the holders of any class of shares, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

13. Conversion of shares into stock

- (1) The Company may by ordinary resolution convert all or any of its paid up shares into stock and re-convert stock into paid up shares of any denomination.
- (2) When any shares have been converted into stock, a holder of stock may transfer his interest in it, or any part of his interest, in the same manner and subject to the same regulations and restrictions as would have applied to the shares from which the stock arose if they had not been converted, or as nearly as circumstances permit. The board may from time to time fix the minimum amount of stock transferable, provided that the minimum does not exceed the nominal amount of the shares from which the stock arose.
- (3) A holder of stock shall, according to the amount of stock held by him, have the same rights, privileges and advantages in all respects as if he held the shares from which the stock arose but no such right, privilege or advantage (except participation in the dividends and profits of the Company and in the assets on a winding up) shall be conferred by an amount of stock which, if existing in shares, would not have conferred such right, privilege or advantage.
- (4) Subject to the above provisions of this article, all the provisions of these articles applicable to paid up shares shall apply to stock and references to shares shall be construed accordingly.

14. Share warrants

- (1) Subject to the provisions of the Statutes and these articles the Company may issue a share warrant with respect to any fully paid share.
 - (2) Every share warrant shall be issued under seal in the same manner as a share certificate and shall state that the bearer is entitled to the shares to which it relates and may provide by coupons or otherwise for the payment of future dividends or other moneys on the shares included in it.
 - (3) A share included in a share warrant may be transferred by the delivery of the share warrant without any written transfer and without registration and none of the other provisions of these articles relating to the transfer of shares shall apply to any such transfer.
-

-
- (4) The board may determine and from time to time may vary the conditions upon which a new share warrant or coupon may be issued in the place of one defaced, worn out, lost or destroyed, but a new share warrant or coupon shall only be issued to replace one that is alleged to have been lost or destroyed if the board is satisfied beyond reasonable doubt that the original share warrant or coupon has been destroyed.
- (5) The board may also determine and from time to time may vary the conditions upon which share warrants shall be issued and, in particular, all or any of the conditions upon which:
- (a) the bearer of a share warrant shall be entitled to obtain payment of a dividend or other moneys payable in respect of the shares included in it;
 - (b) the bearer of a share warrant shall be entitled to attend and vote at any general meeting of the Company or at any separate general meeting of the holders of any class of shares of the Company; and
 - (c) a share warrant may be surrendered for cancellation and the name of the bearer entered as a member in the register in respect of the shares included in the warrant.
- (6) The bearer of a share warrant shall be subject to the conditions for the time being in force in relation to share warrants, whether made before or after the issue of the share warrant, and, subject to such conditions and to the provisions of the Statutes, the bearer shall be deemed to be a member of the Company and shall be entitled to the same rights as if his name were entered in the register as the holder of the shares included in the share warrant.
- (7) The Company shall not be responsible for any loss or damage suffered by any person by reason of the Company entering in the register, upon the surrender of a share warrant, the name of any person who is not the true and lawful owner of that warrant.

15. Trusts not recognised

Except as required by law or these articles, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required to recognise (even when having notice of it) any interest in or in respect of any share, except the holder's absolute right to the entirety of the share.

VARIATION OF RIGHTS

16. Variation of rights

- (1) Whenever the capital of the Company is divided into different classes of shares, all or any of the rights for the time being attached to any class of shares in issue may from time to time (whether or not the Company is being wound up) be varied with the consent in writing of the holders of three-fourths 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 those shares.
 - (2) All the provisions of these articles relating to general meetings of the Company or to the proceedings at general meetings shall apply, *mutatis mutandis*, to every such separate general meeting, except that:
-

-
- (a) the necessary quorum at any such meeting (other than an adjourned meeting) shall be two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class;
 - (b) at an adjourned meeting the necessary quorum shall be one person holding shares of the class or his proxy;
 - (c) every holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him; and
 - (d) a poll may be demanded by any one holder of shares of the class whether present in person or by proxy.
- (3) Unless otherwise expressly provided by the terms of their issue, the rights attached to any class of shares shall not be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

SHARE CERTIFICATES

17. Issue of certificates

- (1) A person whose name is entered in the register as the holder of any shares shall be entitled (unless the conditions of issue otherwise provide) to receive one certificate for those shares, or one certificate for each class of those shares and, if he transfers part of the shares, represented by a certificate in his name, to receive a new certificate for the balance of those shares, but no certificate shall be issued to any member who is a market nominee unless it specifically requests the Company to issue one.
- (2) In the case of joint holders, the Company shall not be bound to issue more than one certificate for all the shares in any particular class registered in their joint names, and delivery of a certificate for a share to any one of the joint holders shall be sufficient delivery to all.
- (3) Every share certificate shall be issued under seal (by affixing the seal to, or printing the seal or a representation of it on, the certificate) and shall specify the number and class of the shares to which it relates and the amount or respective amounts paid up on the shares.

18. Charges for and replacement of certificates

- (1) Except as expressly provided to the contrary in these articles, no fee shall be charged for the issue of a share certificate.
 - (2) Any two or more certificates representing shares of any one class held by any member may at his request be cancelled and a single new certificate issued.
 - (3) If any member surrenders for cancellation a certificate representing shares held by him and requests the Company to issue two or more certificates representing those shares in such proportions as he may specify, the board may, if it thinks fit, comply with the request on payment of such fee (if any) as the board may decide.
-

-
- (4) If a certificate is damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued on compliance with such conditions as to evidence and indemnity as the board may think fit and on payment of any exceptional expenses of the Company incidental to its investigation of the evidence and, if damaged or defaced, on delivery up of the old certificate.
 - (5) In the case of joint holders of a share a request for a new certificate under any of the preceding paragraphs of this article may be made by any one of the joint holders unless the certificate is alleged to have been lost, stolen or destroyed.

19. Other methods of recording title

Nothing in these articles shall preclude title to any securities of the Company being recorded other than in writing in accordance with such arrangements as may from time to time be permitted by the Statutes and approved by the board.

LIEN ON SHARES

20. Lien on partly paid shares

- (1) The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable (whether or not due) in respect of that share. The lien shall extend to every amount payable in respect of that share.
- (2) The board may at any time either generally or in any particular case declare any share to be wholly or partly exempt from the provisions of this article. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien (if any) on that share.

21. Enforcement of lien

- (1) The Company may sell any share subject to a lien in such manner as the board may decide if an amount payable on the share is due and is not paid within fourteen clear days after a notice has been served on the holder or any person entitled by transmission to the share demanding payment of that amount and giving notice of intention to sell in default.
 - (2) To give effect to any sale under this article, the board may authorise some person to transfer the share sold to, or in accordance with the directions of, the purchaser and the transferee shall not be bound to see to the application of the purchase money nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings connected with the sale.
 - (3) The net proceeds of the sale, after payment of the costs, shall be applied in or towards satisfaction of the amount due and any residue shall (subject to a like lien for any amounts not presently due as existed on the share before the sale), on surrender of the certificate for the shares sold, be paid to the holder or person entitled by transmission to the share immediately before the sale.
-

CALLS ON SHARES

22. Calls

- (1) Subject to the terms of allotment, the board may make calls on the members in respect of any moneys unpaid on their shares (whether in respect of nominal amount or premium) and each member shall (subject to his receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be revoked or postponed as the board may decide.
- (2) Any call may be made payable in one sum or by instalments and shall be deemed to be made at the time when the resolution of the board authorising that call is passed.
- (3) A person on whom a call is made shall remain liable for it notwithstanding the subsequent transfer of the share in respect of which the call is made.
- (4) The joint holders of a share shall be jointly and severally liable for the payment of all calls in respect of that share.

23. Interest on calls

If a call is not paid before or on the due date for payment, the person from whom it is due shall pay interest on the amount unpaid, from the due date for payment to the date of actual payment, at such rate as the board may decide, but the board may waive payment of the interest, wholly or in part.

24. Sums treated as calls

A sum which by the terms of allotment of a share is payable on allotment, or at a fixed time, or by instalments at fixed times, shall for all purposes of these articles be deemed to be a call duly made and payable on the date or dates fixed for payment and, in case of non-payment, the provisions of these articles shall apply as if that sum had become payable by virtue of a call.

25. Power to differentiate

On any issue of shares the board may make arrangements for a difference between the allottees or holders of the shares in the amounts and times of payment of calls on their shares.

26. Payment of calls in advance

The board may, if it thinks fit, receive all or any part of the moneys payable on a share beyond the sum actually called up on it if the holder is willing to make payment in advance and, on any moneys so paid in advance, may (until they would otherwise be due) pay interest at such rate as may be agreed between the board and the member paying the sum in advance.

FORFEITURE OF SHARES

27. Notice of unpaid calls

- (1) If the whole or any part of any call or instalment remains unpaid on any share after the due date for payment, the board may serve a notice on the holder requiring him to pay so much of the call or instalment as remains unpaid, together with any accrued interest.
- (2) The notice shall state a further day, being not less than fourteen clear days from the date of the notice, on or before which, and the place where, payment is to be made and shall state that, in the event of non-payment on or before the day and at the place appointed, the share in respect of which the call was made or instalment is payable will be liable to be forfeited.
- (3) The board may accept a surrender of any share liable to be forfeited.

28. Forfeiture on non-compliance with notice

- (1) If the requirements of a notice served under the preceding article are not complied with, any share in respect of which it was given may (before the payment required by the notice is made) be forfeited by a resolution of the board. The forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.
- (2) If a share is forfeited, notice of the forfeiture shall be given to the person who was the holder of the share or (as the case may be) the person entitled to the share by transmission and an entry that notice of the forfeiture has been given, with the relevant date, shall be made in the register; but no forfeiture shall be invalidated by any omission to give such notice or to make such entry.

29. Power to annul forfeiture or surrender

The board may, at any time before the forfeited or surrendered share has been sold, re-allotted or otherwise disposed of, annul the forfeiture or surrender upon payment of all calls and interest due on or incurred in respect of the share and on such further conditions (if any) as it thinks fit.

30. Disposal of forfeited or surrendered shares

- (1) Every share which is forfeited or surrendered shall become the property of the Company and (subject to the provisions of the Statutes) may be sold, re-allotted or otherwise disposed of, upon such terms and in such manner as the board shall decide either to the person who was before the forfeiture the holder of the share or to any other person and whether with or without all or any part of the amount previously paid up on the share being credited as so paid up. The board may for the purposes of a disposal authorise some person to transfer the forfeited or surrendered share to, or in accordance with the directions of, any person to whom the same has been sold or disposed of.
 - (2) A statutory declaration by a director or the secretary that a share has been forfeited or surrendered on a specified date shall, as against all persons claiming to be entitled to the share, be conclusive evidence of the facts stated in it and shall (subject to the execution of any necessary transfer) constitute a good title to the share. The new holder of the share shall not be bound to see to the application of the consideration for the disposal (if any) nor shall his title to
-

the share be affected by any irregularity in or invalidity of the proceedings connected with the forfeiture, surrender, sale, re-allotment or disposal of the share.

31. Arrears to be paid notwithstanding forfeiture or surrender

A person any of whose shares have been forfeited or surrendered shall cease to be a member in respect of the forfeited or surrendered share and shall surrender to the Company for cancellation the certificate for the share forfeited or surrendered, but shall remain liable (unless payment is waived in whole or in part by the board) to pay to the Company all moneys payable by him on or in respect of that share at the time of forfeiture or surrender, together with interest from the time of forfeiture or surrender until payment at such rate as the board shall decide, in the same manner as if the share had not been forfeited or surrendered. He shall also be liable to satisfy all the claims and demands (if any) which the Company might have enforced in respect of the share at the time of forfeiture or surrender. No deduction or allowance shall be made for the value of the share at the time of forfeiture or surrender or for any consideration received on its disposal.

UNTRACED MEMBERS

32. Sale of shares of untraced members

- (1) The Company may sell any share of a member, or any share to which a person is entitled by transmission, by giving to a person authorised to conduct business on the London Stock Exchange an instruction to sell it at best, if:
 - (a) during a period of twelve years at least three cash dividends have become payable in respect of the share to be sold;
 - (b) during that period no cash dividend payable in respect of the share has been claimed, no warrant or cheque in respect of the share sent to the address and in the manner provided by these articles for sending such payments has been cashed and no communication has been received by the Company from the member or the person entitled by transmission to the share;
 - (c) on or after the expiry of that period of twelve years the Company has published advertisements both in a national newspaper and in a newspaper circulating in the area in which the address referred to in sub-paragraph (b) is located, in each case giving notice of its intention to sell the share;
 - (d) during the period of three months following the publication of those advertisements and after that period until the exercise of the power to sell the share, the Company has not received any communication from the member or the person entitled by transmission to the share; and
 - (e) the Company has given notice to the London Stock Exchange of its intention to sell the share.
 - (2) The Company's power of sale shall extend to any further share which, on or before the date of publication of the first of any advertisement pursuant to sub-paragraph (1)(c) above, is issued in right of a share to which paragraph (1) applies (or in right of any share to which this paragraph applies) if the conditions set out in sub-paragraphs (1)(b) to (e) are satisfied in relation to the further share (but as if the references to a period of twelve years were references
-

to a period beginning on the date of allotment of the further share and ending on the date of publication of the first of the advertisements referred to above).

- (3) To give effect to any sale, the board may authorise some person to transfer the share to, or in accordance with the directions of the purchaser and the new holder of the share shall not be bound to see to the application of the purchase money; nor shall his title to the share be affected by any irregularity in, or invalidity of, the proceedings connected with the sale.

33. Application of proceeds of sale

- (1) The Company shall account to the person entitled to the share at the date of sale for a sum equal to the net proceeds of sale and shall be deemed to be his debtor, and not a trustee for him, in respect of them.
- (2) Pending payment of the net proceeds of sale to such person, the proceeds may either be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company, if any) as the board may from time to time decide.
- (3) No interest shall be payable in respect of the net proceeds and the Company shall not be required to account for any moneys earned on the net proceeds.

TRANSFER OF SHARES

34. Form of transfer

- (1) Subject to the restrictions in these articles, any member may transfer all or any of his shares by an instrument of transfer in any usual form or in any other form which the board may approve.
- (2) The instrument of transfer of a share shall be signed by or on behalf of the transferor and (except in the case of a fully paid share) by or on behalf of the transferee.
- (3) The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect of the share.

35. Right to refuse to register transfers

- (1) The board may, in its absolute discretion and without giving any reason for its decision, refuse to register:
- (a) any transfer of a share which is not fully paid up but, in the case of a class of shares which are listed on the London Stock Exchange, not so as to prevent dealings in those shares from taking place on an open and proper basis; or
 - (b) any transfer of a share on which the Company has a lien.
- (2) The board may also refuse to register any transfer unless it is:
- (a) in respect of only one class of shares;
 - (b) in favour of no more than four transferees;
-

- (c) left at the office, or at such other place as the board may decide, for registration; and
 - (d) accompanied by the certificate for the shares to be transferred (except where the shares are registered in the name of a market nominee and no certificate has been issued for them) and such other evidence (if any) as the board may reasonably require to prove the title of the intending transferor or his right to transfer the shares.
- (3) If the board refuses to register a transfer of a share, it shall, within two months after the date on which the transfer was lodged, send to the transferee notice of the refusal.

36. No fee payable

No fee shall be charged for registration of a transfer or other document or instruction relating to or affecting the title to any share.

37. Retention of instruments

All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the board refuses to register shall (except in any case where fraud or any other crime involving dishonesty is suspected in relation to such transfer) be returned to the person presenting it.

38. Power to suspend registration of transfers

The registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the board may decide.

39. Renunciations and other methods of transfer

Nothing in these articles shall preclude:

- (a) the board from recognising a renunciation of the allotment of any share by the allottee in favour of some other person; or
- (b) title to any securities of the Company being transferred other than in writing in accordance with such arrangements as may from time to time be permitted by the Statutes and approved by the board.

TRANSMISSION OF SHARES

40. Transmission on death

If a member dies, the survivor, where the deceased was a joint holder, and his personal representatives where he was a sole or the only surviving holder, shall be the only person or persons recognised by the Company as having any title to his shares; but nothing in these articles shall release the estate of a deceased holder from any liability in respect of any share held by him solely or jointly.

41. Election of person entitled by transmission

- (1) A person becoming entitled to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to a transmission by operation of law may, on producing such evidence as the board may require and subject as provided in this article, elect either to be registered himself as the holder of the share or to have some person nominated by him registered as the holder of the share.
- (2) If he elects to be registered himself, he shall give to the Company a notice signed by him to that effect. If he elects to have another person registered, he shall execute a transfer of the share to that person.
- (3) All the provisions of these articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer signed by the person from whom the title by transmission is derived and the event giving rise to such transmission had not occurred.

42. Rights of person entitled by transmission

- (1) A person becoming entitled to a share in consequence of a death or bankruptcy or of any other event giving rise to a transmission by operation of law shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share and shall have the same rights in relation to the share as he would have if he were the holder except that, until he becomes the holder, he shall not be entitled to attend or vote at any meeting of the Company or any separate general meeting of the holders of any class of shares in the Company.
- (2) The board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and, if after ninety days the notice has not been complied with, the board may withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

DISCLOSURE OF INTERESTS IN SHARES**43. Disclosure of interests in shares**

- (1) This article applies where the Company gives to the holder of a share or to any person appearing to be interested in a share a notice requiring any of the information mentioned in section 212 of the Act (a "section 212 notice").
 - (2) If a section 212 notice is given by the Company to a person appearing to be interested in any share, a copy shall at the same time be given to the holder, but the accidental omission to do so or the non-receipt of the copy by the holder shall not prejudice the operation of the following provisions of this article.
 - (3) If the holder of, or any person appearing to be interested in, any share has been served with a section 212 notice and, in respect of that share (a "default share"), has been in default for the relevant period in supplying to the Company the information required by the section 212 notice, the restrictions referred to below shall apply. Those restrictions shall continue until:
 - (a) the date seven days after the date on which the board is satisfied that the default is remedied; or
-

- (b) the Company is notified that the default shares are the subject of a market transfer; or
 - (c) the board decides to waive those restrictions, in whole or in part.
- (4) The restrictions referred to above are as follows:
- (a) if the default shares in which any one person is interested or appears to the Company to be interested represent less than 0.25 per cent. of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares, to attend or to vote, either personally or by proxy, at any general meeting or at any separate general meeting of the holders of any class of shares in the Company; or
 - (b) if the default shares in which any one person is interested or appears to the Company to be interested represent at least 0.25 per cent. of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares:
 - (i) to attend or to vote, either personally or by proxy, at any general meeting or at any separate general meeting of the holders of any class of shares in the Company; or
 - (ii) to receive any dividend or other distribution; or
 - (iii) to transfer or agree to transfer any of those shares or any rights in them.

The restrictions in sub-paragraphs (a) and (b) above shall not prejudice the right of either the member holding the default shares or, if different, any person having a power of sale over those shares to sell or agree to sell those shares under a market transfer.

- (5) If any dividend or other distribution is withheld under paragraph (4)(b) above, the member shall be entitled to receive it as soon as practicable after the restrictions contained in paragraph (4)(b) cease to apply.
- (6) If, while any of the restrictions referred to above apply to a share, another share is allotted in right of it (or in right of any share to which this paragraph applies), the same restrictions shall apply to that other share as if it were a default share. For this purpose, shares which the Company allots, or procures to be offered, *pro rata* (disregarding fractional entitlements and shares not offered to certain members by reason of legal or practical problems associated with issuing or offering shares outside the United Kingdom) to holders of shares of the same class as the default share shall be treated as shares allotted in right of existing shares from the date on which the allotment is unconditional or, in the case of shares so offered, the date of the acceptance of the offer.
- (7) For the purposes of this article:
- (a) a "market transfer" in relation to any share is a transfer pursuant to:
 - (i) a sale of the share on a recognised investment exchange (as defined in the Financial Services Act 1986) or on any stock exchange outside the United Kingdom on which shares of that class are listed or normally traded; or
-

-
- (ii) a sale of the whole beneficial interest in the share to a person whom the board is satisfied is unconnected with the existing holder or with any other person appearing to be interested in the share; or
 - (iii) a takeover offer (as defined for the purposes of Part XIII A of the Companies Act 1985) which relates to the share;
- (b) the "relevant period" shall be, in a case falling within paragraph (4)(a) above, 28 days and, in a case falling within paragraph (4)(b) above, 14 days after the date of service of the section 212 notice;
 - (c) the percentage of the issued shares of a class represented by a particular holding shall be calculated by reference to the shares in issue at the time when the section 212 notice is given; and
 - (d) a person shall be treated as appearing to be interested in any share if the Company has given to the member holding such share a section 212 notice and either (i) the member has named the person as being interested in the share or (ii) (after taking into account any response to any section 212 notice and any other relevant information) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the share.
- (8) The provisions of this article are without prejudice to the provisions of section 216 of the Act and, in particular, the Company may apply to the court under section 216(1) whether or not these provisions apply or have been applied.

GENERAL MEETINGS

44. Annual general meetings

The board shall convene and the Company shall hold annual general meetings in accordance with the requirements of the Statutes.

45. Extraordinary general meetings

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

46. Convening of extraordinary general meetings

- (1) The board may convene an extraordinary general meeting whenever it thinks fit.
 - (2) An extraordinary general meeting may also be convened in accordance with article 85.
 - (3) An extraordinary general meeting shall also be convened by the board on the requisition of members pursuant to the provisions of the Statutes or, in default, may be convened by such requisitionists, as provided by the Statutes.
 - (4) The board shall comply with the provisions of the Statutes regarding the giving and the circulation, on the requisition of members, of notices of resolutions and of statements with
-

respect to matters relating to any resolution to be proposed or business to be dealt with at any general meeting of the Company.

NOTICE OF GENERAL MEETINGS

47. Length and form of notice

- (1) An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution of which special notice is required by the Statutes or a resolution appointing any person (other than a retiring director) as a director shall be called by not less than twenty-one clear days' notice. All other extraordinary general meetings shall be called by not less than fourteen clear days' notice.
- (2) The notice shall specify the place, day and time of the meeting, and the general nature of the business to be transacted.
- (3) Notice of every general meeting shall be given to all members other than any who, under the provisions of these articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors (or, if more than one, each of them) and to each director.

48. Omission or non-receipt of notice

The accidental omission to give notice of a meeting to, or the non-receipt of notice by, any person entitled to receive the notice shall not invalidate the proceedings of that meeting.

PROCEEDINGS AT GENERAL MEETINGS

49. Quorum

- (1) No business shall be transacted at any general meeting unless the requisite quorum is present when the meeting proceeds to business.
- (2) Except as otherwise provided by these articles two members present in person or by proxy and entitled to vote on a poll shall be a quorum.
- (3) If within fifteen minutes from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or, if that day is a holiday, to the next working day) and at the same time and place, as the original meeting, or, subject to article 53(4), to such other day, and at such other time and place, as the board may decide.
- (4) If at an adjourned meeting a quorum is not present within fifteen minutes from the time fixed for holding the meeting, the meeting shall be dissolved.

50. Security

The board may make any security arrangements which it considers appropriate relating to the holding of a general meeting of the Company or a separate general meeting of the holders of any class of shares of the Company, including, without limitation, arranging for any person

attending a meeting to be searched and for items of personal property which may be taken into a meeting to be restricted. A director or the secretary may refuse entry to a meeting to any person who refuses to comply with any such arrangements.

51. Chairman

At each general meeting, the chairman of the board or, if he is absent or unwilling, the deputy chairman (if any) of the board or (if more than one deputy chairman is present and willing) the deputy chairman who has been longest in such office or, if no deputy chairman is present and willing, that one of the other directors who is appointed for the purpose by the board or (failing appointment by the board), by the members present, shall preside as chairman of the meeting, but if no director is present within fifteen minutes after the time fixed for holding the meeting or, if none of the directors present is willing to preside, the members present and entitled to vote shall choose one of their number to preside as chairman of the meeting.

52. Directors entitled to attend and speak

Whether or not he is a member, a director shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of shares of the Company.

53. Adjournment

- (1) With the consent of any meeting at which a quorum is present the chairman of the meeting may (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place.
- (2) In addition, the chairman of the meeting may at any time without the consent of the meeting adjourn the meeting (whether or not it has commenced or a quorum is present) to another time and/or place if, in his opinion, it would facilitate the conduct of the business of the meeting to do so.
- (3) Nothing in this article shall limit any other power vested in the chairman to adjourn the meeting.
- (4) Whenever a meeting is adjourned for thirty days or more or *sine die*, at least fourteen clear days' notice of the adjourned meeting shall be given in the same manner as in the case of the original meeting but otherwise no person shall be entitled to any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting.
- (5) No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

54. Accommodation of persons at meeting

If it appears to the chairman that the place of the meeting specified in the notice convening the meeting is inadequate to accommodate all persons entitled and wishing to attend, the meeting is duly constituted and its proceedings are valid if the chairman is satisfied that adequate facilities are available, whether at the place of the meeting or elsewhere, to ensure that each such person who is unable to be accommodated at the place of the meeting is able to participate in the business for which the meeting has been convened and to hear and see all persons present who

speaking, whether by the use of microphones, loud-speakers, audio-visual communications equipment or otherwise (whether in use when these articles are adopted or developed subsequently).

55. Method of voting and demand for poll

- (1) At a general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before, or immediately after the declaration of the result of, the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:
 - (a) the chairman of the meeting; or
 - (b) at least five members present in person or by proxy having the right to vote on the resolution; or
 - (c) a member or members present in person or by proxy representing in aggregate not less than one-tenth of the total voting rights of all the members having the right to vote on the resolution; or
 - (d) a member or members present in person or by proxy holding shares conferring the right to vote on the resolution on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right;

and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.

- (2) No poll may be demanded on the appointment of a chairman of the meeting.
- (3) A demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman of the meeting and the demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- (4) Unless a poll is demanded (and the demand is not withdrawn), a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or has been carried by a particular majority, or lost, or not carried by a particular majority, shall be conclusive, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of that fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- (5) The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

56. How poll to be taken

- (1) If a poll is demanded (and the demand is not withdrawn), it shall be taken at such time (either at the meeting at which the poll is demanded or within thirty days after the meeting), at such place and in such manner as the chairman of the meeting shall direct and he may appoint scrutineers (who need not be members).

- (2) A poll demanded on a question of adjournment shall be taken at the meeting without adjournment.
- (3) It shall not be necessary (unless the chairman of the meeting otherwise directs) for notice to be given of a poll whether taken at or after the meeting at which it was demanded.
- (4) On a poll votes may be given either personally or by proxy and a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- (5) The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

57. Chairman's casting vote

In the case of an equality of votes, either on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, as the case may be, shall be entitled to a further or casting vote in addition to any other vote or votes to which he may be entitled.

VOTES OF MEMBERS

58. Voting rights

Subject to the provisions of these articles and to any special rights or restrictions as to voting for the time being attached to any shares:

- (a) on a show of hands, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member, shall have one vote; and
- (b) on a poll, every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

59. Representation of corporations

Any corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meeting of the Company or of any class of members of the Company; and the representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member present at the meeting in person, including (without limitation) power to vote on a show of hands or on a poll and to demand or concur in demanding a poll. But the board or any director or the secretary may (but shall not be bound to) require evidence of the authority of any such representative.

60. Voting rights of joint holders

If more than one of the joint holders of a share tenders a vote on the same resolution, whether personally or by proxy, the vote of the senior who tenders a vote shall be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the relevant share.

61. Voting rights of members incapable of managing their affairs

A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, *curator bonis* or other person in the nature of a receiver or *curator bonis* appointed by that court, and the receiver, *curator bonis* or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the board of the authority of the person claiming the right to vote shall be produced at the office (or at such other place as may be specified for the deposit of instruments appointing a proxy) not later than the last time by which an instrument appointing a proxy must be deposited in order to be valid for use at the meeting or adjourned meeting or on the holding of the poll at or on which that person proposes to vote and, in default, the right to vote shall not be exercisable.

62. Voting rights suspended where sums overdue

Unless the board otherwise decides, a member shall not be entitled to vote, either in person or by proxy, at any general meeting or at any separate general meeting of the holders of any class of shares in the Company in respect of any share held by him unless all calls and other sums presently payable by him in respect of that share have been paid.

63. Objections to admissibility of votes

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting or poll at which the vote objected to is or may be given or tendered, and every vote not disallowed at such meeting or poll shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

PROXIES

64. Proxies

- (1) A proxy need not be a member of the Company and a member may appoint more than one proxy to attend on the same occasion.
- (2) Deposit of an instrument of proxy shall not preclude a member from attending and voting in person at the meeting or on the poll concerned.
- (3) No instrument of proxy shall be valid except for the meeting mentioned in it and any adjournment of that meeting (including on any poll demanded at the meeting or any adjourned meeting).

65. Form of proxy

- (1) An instrument appointing a proxy shall be in any usual or common form or any other form which the board shall from time to time approve or accept.
 - (2) The instrument appointing a proxy shall be in writing signed by the appointor, or his agent duly authorised in writing, or, if the appointor is a corporation, shall either be executed under its
-

common seal or be signed by some agent or officer authorised for that purpose. The board may, but shall not be bound to, require evidence of the authority of any such agent or officer.

- (3) The signature on the instrument of proxy need not be witnessed.

66. Deposit of proxy

- (1) The instrument appointing a proxy:

- (a) shall be deposited at the office (or at such other place as may be specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting) at least 48 hours before the time for holding the meeting at which the person named in the instrument proposes to vote; or
- (b) in the case of a poll taken more than 48 hours after it is demanded or in the case of an adjourned meeting to be held more than 48 hours after the time fixed for holding the original meeting, shall be deposited at the office (or at such other place as may be specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting) at least 24 hours before the time appointed for the taking of the poll or, as the case may be, the time fixed for holding the adjourned meeting; or
- (c) in the case of a poll which is not taken at the meeting at which it is demanded but is taken 48 hours or less after it is demanded, or in the case of an adjourned meeting to be held 48 hours or less after the time fixed for holding the original meeting, shall be delivered at the meeting at which the poll is demanded or, as the case may be, at the original meeting, to the chairman of the meeting or to the secretary or to any director or as directed at the meeting by the chairman of the meeting.

- (2) In the case of an instrument signed by an agent of a member who is not a corporation, there shall also be deposited, in the manner set out in paragraph (1) above, the authority under which the instrument is signed or an office copy of it or a copy of it certified in accordance with section 3 of the Powers of Attorney Act 1971.
 - (3) In the case of an instrument signed by an officer or agent of a corporation, the directors may also require there to be deposited, in the manner set out in paragraph (1) above, the authority under which the instrument is signed, or a notarially certified copy of it, or such other authorities or documents as shall be specified in the notice of the relevant meeting or in any instrument of proxy issued by the Company in connection with the relevant meeting.
 - (4) If the instrument of proxy and any of the documents required under paragraph (2) or (3) above are not deposited in the manner required above, the person named in the instrument of proxy shall not be entitled to vote in respect of the shares in question.
 - (5) If two or more valid but differing instruments of proxy are deposited in respect of the same share for use at the same meeting or on the same poll, the one which is last deposited (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that share and if the Company is unable to determine which was last deposited, none of them shall be treated as valid in respect of that share.
-

67. Notice of revocation of proxy

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or the authority under which the proxy was executed or (until entered in the register) the transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer was received at the office (or at such other place at which the instrument of proxy was duly deposited) up to six hours before the time fixed for holding the meeting or adjourned meeting (or, in the case of a poll, before the time appointed for the taking of the poll) at which the vote was given.

DIRECTORS**68. Number of directors**

The directors (other than alternate directors) shall not, unless otherwise determined by an ordinary resolution of the Company, be less than two nor more than 12 in number.

69. Directors need not be members

A director need not be a member of the Company.

70. Age of directors

No person shall be disqualified from being appointed a director, and no director shall be required to vacate that office, by reason only of the fact that he has attained the age of seventy years or any other age nor shall it be necessary by reason of his age to give special notice of any resolution.

APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS**71. Appointment of directors by the Company**

- (1) Subject to the provisions of these articles, the Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director, but so that the total number of directors shall not exceed any maximum number fixed by or in accordance with these articles.
 - (2) No person (other than a director retiring by rotation or otherwise) shall be appointed or reappointed a director at any general meeting unless:
 - (a) he is recommended by the board; or
 - (b) not less than seven nor more than forty-two days before the date appointed for the meeting there has been given to the Company, by a member (other than the person to be proposed) entitled to vote at the meeting, notice of his intention to propose a resolution for the appointment of that person, stating the particulars which would, if he were so appointed, be required to be included in the Company's register of directors and a notice executed by that person of his willingness to be appointed.
-

72. Separate resolutions for appointment of each director

Every resolution of a general meeting for the appointment of a director shall relate to one named person and a single resolution for the appointment of two or more persons shall be void, unless a resolution that it shall be so proposed has been first agreed to by the meeting without any vote being cast against it.

73. The board's power to appoint directors

The board may appoint any person who is willing to act to be a director, either to fill a vacancy or by way of addition to their number but so that the total number of directors shall not exceed any maximum number fixed by or in accordance with these articles. Any director so appointed shall retire from office at the next annual general meeting of the Company, but shall then be eligible for re-appointment.

74. Retirement of directors

- (1) At each annual general meeting any director who has been appointed by the board since the previous annual general meeting and any director selected to retire by rotation shall retire from office.
- (2) A retiring director shall be eligible for re-appointment and (unless he is removed from office or his office is vacated in accordance with these articles) shall retain office until the close of the meeting at which he retires or (if earlier) when a resolution is passed at that meeting not to fill the vacancy or to appoint another person in his place or the resolution to re-appoint him is put to the meeting and lost.
- (3) If at any meeting at which the appointment of a director ought to take place the office vacated by a retiring director is not filled up, the retiring director, if willing to act, shall be deemed to be re-appointed, unless at the meeting a resolution is passed not to fill the vacancy or to appoint another person in his place or unless the resolution to re-appoint him is put to the meeting and lost.

75. Selection of directors to retire by rotation

- (1) A director holding the office of managing director shall not be subject to retirement by rotation and in selecting the directors who are to retire by rotation at an annual general meeting any such director and any director who has been appointed by the board since the previous annual general meeting shall be disregarded.
 - (2) At each annual general meeting one-third of the directors who are subject to retirement by rotation or, if their number is not an integral multiple of three, the number nearest to one-third but not exceeding one-third, shall retire from office but so that if there are fewer than three directors who are subject to retirement by rotation, one shall retire.
 - (3) The directors to retire by rotation at each annual general meeting shall include (so far as is necessary to obtain the number required) any director who wishes to retire and not to offer himself for re-election and otherwise shall be the directors who, at the date of the notice of the meeting, have been longest in office since their last appointment or re-appointment, but as between persons who became or were last re-appointed directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
-

- (4) The names of the directors to retire by rotation shall be stated in the notice of the annual general meeting or in any document accompanying the notice. The directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the board at the start of business on the date of the notice convening the annual general meeting and no director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the directors after that time but before the close of the meeting.

76. Removal of directors

- (1) The Company may by extraordinary resolution, or by ordinary resolution of which special notice has been given in accordance with the Statutes, remove any director before his period of office has expired notwithstanding anything in these articles or in any agreement between him and the Company.
- (2) A director may also be removed from office by the service on him of a notice to that effect signed by at least three quarters of all the other directors.
- (3) Any removal of a director under this article shall be without prejudice to any claim which such director may have for damages for breach of any agreement between him and the Company.

77. Vacation of office of director

Without prejudice to the provisions of these articles for retirement or removal the office of a director shall be vacated:

- (a) if he is prohibited by law from being a director; or
- (b) if he becomes bankrupt or he makes any arrangement or composition with his creditors generally; or
- (c) if he is, or may be, suffering from mental disorder and in relation to that disorder either he is admitted to hospital for treatment or an order is made by a court (whether in the United Kingdom or elsewhere) for his detention or for the appointment of some person to exercise powers with respect to his property or affairs and, in either case, the board resolves that his office be vacated; or
- (d) if for more than six months he is absent (whether or not an alternate director attends in his place), without special leave of absence from the board, from meetings of the board held during that period and the board resolves that his office be vacated; or
- (e) if he serves on the Company notice of his wish to resignation, in which event he shall vacate that office on the service of that notice on the Company or at such later time as is specified in the notice.

78. Executive directors

- (1) The board may appoint one or more directors to hold any executive office under the Company (including that of chairman, chief executive or managing director) for such period (subject to the provisions of the Statutes) and on such terms as it may decide and may revoke or terminate
-

any appointment so made without prejudice to any claim for damages for breach of any contract of service between the director and the Company.

- (2) The remuneration of a director appointed to any executive office shall be fixed by the board and may be by way of salary, commission, participation in profits or otherwise and either in addition to or inclusive of his remuneration as a director.
- (3) A director appointed as executive chairman, chief executive or managing director shall automatically cease to hold that office if he ceases to be a director but without prejudice to any claim for damages for breach of any contract of service between him and the Company. A director appointed to any other executive office shall not automatically cease to hold that office if he ceases to be a director unless the contract or any resolution under which he holds office expressly states that he shall, in which case that cessation shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.
- (4) The board may, at any time and from time to time, appoint any person (not being a director) to any executive position or employment under the Company having a title or designation which includes the word "director" and may terminate any such appointment. The inclusion of the word "director" in the title or designation of any such position or employment shall not imply that the holder is a director of the Company or that he is authorised or empowered to act as, or is liable as, a director of the Company in any respect and he shall not be deemed to be a director for any purpose.

ALTERNATE DIRECTORS

79. Power to appoint alternate directors

- (1) Each director may appoint another director who is willing to act as his alternate and may remove him from that office.
 - (2) An alternate director shall be entitled to receive notice of all meetings of the board, to attend and vote at any such meeting at which the director appointing him is not personally present and at the meeting to exercise and discharge all the functions, powers and duties of his appointor as a director and for the purposes of the proceedings at the meeting the provisions of these articles shall apply as if he were a director.
 - (3) Every person acting as an alternate director shall (except as regards power to appoint an alternate and remuneration) be subject in all respects to the provisions of these articles relating to directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of the director appointing him. An alternate director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any fee in his capacity as an alternate director.
 - (4) Every person acting as an alternate director shall have one vote for each director for whom he acts as alternate, in addition to his own vote if he is also a director, but he shall count as only one for the purpose of determining whether a quorum is present.
 - (5) Any person appointed as an alternate director shall vacate his office as alternate director if the director by whom he has been appointed vacates his office as director (otherwise than by
-

retirement at a general meeting of the Company at which he is re-elected) or removes him by notice to the Company or on the happening of any event which, if he is or were a director, causes or would cause him to vacate that office.

- (6) Every appointment or removal of an alternate director shall be by notice in writing signed by the appointor (or in any other manner approved by the board) and shall be effective (subject to paragraph (1) above) on delivery at the office, to the secretary or at a meeting of the board.

REMUNERATION, EXPENSES AND PENSIONS

80. Remuneration of directors

The directors (other than any director who for the time being holds an executive office or employment with the Company or a subsidiary of the Company) shall be paid out of the funds of the Company by way of remuneration for their services as directors such fees not exceeding in aggregate £150,000 per annum (or such larger sum as the Company may, by ordinary resolution, determine) as the directors may decide to be divided among them in such proportion and manner as they may agree or, failing agreement, equally. Any fee payable under this article shall be distinct from any remuneration or other amounts payable to a director under other provisions of these articles and shall accrue from day to day.

81. Special remuneration

- (1) The board may grant special remuneration to any director who performs any special or extra services to or at the request of the Company.
- (2) Such special remuneration may be paid by way of lump sum, salary, commission, participation in profits or otherwise as the board may decide in addition to any remuneration provided for by or pursuant to any other article.

82. Expenses

A director shall be paid out of the funds of the Company all travelling, hotel and other expenses properly incurred by him in and about the discharge of his duties, including his expenses of travelling to and from meetings of the board, committee meetings, general meetings and separate meetings of the holders of any class of securities of the Company. A director may also be paid out of the funds of the Company all expenses incurred by him in obtaining professional advice in connection with the affairs of the Company or the discharge of his duties as a director.

83. Pensions and other benefits

The board may exercise all the powers of the Company to pay, provide or procure the grant of pensions or other retirement or superannuation benefits and death, disability or other benefits, allowances or gratuities to any person who is or has been at any time a director of the Company or in the employment or service of the Company or of any company which is or was a subsidiary of or associated with the Company or of the predecessors in business of the Company or any such subsidiary or associated company or the relatives or dependants of any such person. For that purpose the board may procure the establishment and maintenance of, or participate in, or contribute to, any non-contributory or contributory pension or superannuation fund, scheme or arrangement and pay any insurance premiums.

POWERS OF THE BOARD

84. General powers of the board to manage Company's business

- (1) The business of the Company shall be managed by the board which may exercise all the powers of the Company, subject to the provisions of the Statutes, the memorandum, these articles and any ordinary resolution of the Company. No ordinary resolution or alteration of the memorandum or these articles shall invalidate any prior act of the board which would have been valid if the resolution had not been passed or the alteration had not been made.
- (2) The powers given by this article shall not be limited by any special authority or power given to the board by any other article or any resolution of the Company.

85. Power to act notwithstanding vacancy

The continuing directors or the sole continuing director at any time may act notwithstanding any vacancy in their number; but, if the number of directors is less than the minimum number fixed by or in accordance with these articles, they or he may act for the purpose of filling up vacancies or calling a general meeting of the Company, but not for any other purpose. If no director is able or willing to act, then any two members may summon a general meeting for the purpose of appointing directors.

86. Provisions for employees

The board may exercise any of the powers conferred by the Statutes to make provision for the benefit of any persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or any of its subsidiaries.

87. Power to borrow money

- (1) The board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (both present and future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
 - (2) The board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (but as regards subsidiary undertakings only so far as by such exercise it can secure) that the aggregate principal amount outstanding at any time in respect of all borrowings by the Group (exclusive of any borrowings which are owed by one Group company to another Group company) after deducting the amount of cash deposited will not, without the previous sanction of the Company in general meeting, exceed:
 - (a) the greater of £5 million and an amount equal to 3 times adjusted capital and reserves;
or
 - (b) any higher limit fixed by ordinary resolution of the Company which is applicable at the relevant time.
-

(3) In this article:

(A) "adjusted capital and reserves" means the aggregate of:

- (a) the amount paid up on the allotted share capital of the Company; and
- (b) the amounts standing to the credit of the reserves of the Group (including share premium account and capital redemption reserve), after adding or deducting any balance standing to the credit or debit of the Group's profit and loss account,

all as shown in the relevant balance sheet but after:

- (i) making such adjustments as may be appropriate in respect of:
 - (a) any variation in the amount of the paid up share capital, the share premium account or capital redemption reserve since the date of the relevant balance sheet and so that for this purpose if any proposed allotment of shares by the Company for cash has been underwritten or agreed to be subscribed then these shares shall be deemed to have been allotted and the amount (including any premium) of the subscription monies payable (not being monies payable later than six months after the date of allotment) shall be deemed to have been paid up on the date when the issue of the shares was underwritten or agreed to be subscribed (or if the underwriting or subscription agreement was conditional, the date on which it became unconditional);
 - (b) any undertaking which was not a subsidiary undertaking at the date of the relevant balance sheet but which would be a subsidiary undertaking if group accounts were prepared as at the relevant time (and as if such time were the end of the Company's financial year) or any undertaking which was a subsidiary undertaking but which would no longer be so if group accounts were to be so prepared at the relevant time; and
 - (c) any variation in the interest of the Company in another Group company since the date of the relevant balance sheet;
 - (ii) excluding (so far as not already excluded) minority and other outside interests in any subsidiary undertaking;
 - (iii) deducting:
 - (a) the book values of intangible assets except goodwill shown in the relevant balance sheet (as adjusted pursuant to the above provisions of this paragraph); and
 - (b) the amount of any distribution declared, recommended or made by any Group company to a person other than another Group company out of
-

profits accrued up to and including the date of (and to the extent not provided for in) the relevant balance sheet;

- (iv) adding a sum equal to the amount of goodwill arising on the acquisition of any undertaking or business after the date of adoption of these articles and remaining part of the Group to the extent that it has been written off against reserves; and
 - (v) making such other adjustments (if any) as the board may consider appropriate or necessary,
- (B) "borrowings" include the following except in so far as otherwise taken into account:
- (a) the principal amount of any debenture (whether secured or unsecured) of a Group company;
 - (b) the outstanding amount raised by acceptances under an acceptance credit or bills facility opened by a bank or acceptance house on behalf of or in favour of a Group company, excluding acceptances of trade bills relating to goods purchased in the ordinary course of trading;
 - (c) the nominal amount of any share capital and the principal amount of any debenture or borrowing, the beneficial interest in which is not owned by a Group company, to the extent that their payment or repayment is the subject of a guarantee or indemnity by a Group company; and
 - (d) any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing,
- but exclude the following:
- (i) borrowings incurred by a Group company for the purpose of repaying within six months of the borrowing all or part of any borrowings made by it or another Group company, pending their application for that purpose during that period;
 - (ii) borrowing incurred by a Group company to finance a contract where a part of the price receivable under the contract by that or another Group company is guaranteed or insured by any government, governmental agency or body or by a person (not being a Group Company) carrying on the business of providing credit insurance up to an amount equal to that part of the price which is guaranteed or insured,
 - (iii) a proportionate amount of the borrowings of a Group company which is not a wholly-owned subsidiary of the Company corresponding to the minority or outside interest in it;
 - (iv) borrowings of an undertaking which was not a subsidiary undertaking at the date of the relevant balance sheet, to the extent that those borrowings do not
-

exceed its borrowings outstanding on the date when it became a Group company; and

- (v) amounts payable under any hire-purchase agreement, credit sale agreement, finance or other lease or similar agreement;
 - (C) "cash deposited" means an amount equal to the aggregate for the time being of all cash deposits with any bank or other person (not being a Group company), (whether on current account or otherwise), the realisable value of certificates of governments and companies or other readily realisable deposits owned by any Group company except that in the case of any such items owned by a Group company which is not a wholly-owned subsidiary of the Company, there shall be excluded a proportionate amount of those items corresponding to the minority or outside interests in it;
 - (D) "Group" means the Company and its subsidiary undertakings from time to time;
 - (E) "Group company" means any undertaking in the Group; and
 - (F) "relevant balance sheet" means the audited balance sheet dealing with the state of affairs of the Company (or where the Company prepares group accounts, the audited consolidated balance sheet dealing with the state of affairs of the Company and its subsidiary undertakings comprised in the latest group accounts); and if the Company should prepare its main consolidated balance sheet on the basis of one accounting convention and a supplementary balance sheet on the basis of another, the main one shall be taken as the relevant balance sheet.
- (4) For the purposes of any calculation under this article:
- (a) a borrowing denominated or repayable, or any cash deposited, in a currency other than sterling shall be translated into sterling:
 - (i) at the London exchange rate for the date as at which the calculation is being made; or
 - (ii) if it would result in a lower figure, at the London exchange rate on the date of the relevant balance sheet,
- and for this purpose the "London exchange rate" for any date is the spot rate of exchange, quoted at or about 11.00 a.m. on the business day before that date by a first class bank in London selected by the board; and
- (b) where under the terms of any borrowing the amount of money that would be required to discharge its principal amount in full if it fell to be repaid (at the option of the borrower or by reason of default) on the date as at which the calculation is being made is less than the amount that would otherwise be taken into account in respect of that borrowing for the purpose of this article, the amount of the borrowing to be taken into account shall be the less amount.
-

-
- (5) The limit imposed under paragraph (2) above shall be deemed not to have been breached until the amount of borrowings has exceeded that limit for 30 consecutive days. This paragraph overrides all other provisions of this article.
- (6) A certificate or report by the Company's auditors:
- (a) as to the amount of adjusted capital and reserves or the amount of borrowings; or
 - (b) to the effect that the limit imposed under this article was not exceeded or breached at a particular date
- shall be conclusive evidence as to that amount or fact.
- (7) If the Company has joint auditors, references in this article to the Company's auditors are to any of the joint auditors.
- (8) No lender or other person dealing with any Group company need enquire whether the limit imposed under paragraph (2) above has been or will be complied with.
- (9) A borrowing or security resulting in a breach of the limit shall not be void nor shall it be voidable at the instance of the Company or any other Group company.

DELEGATION OF BOARD'S POWERS

88. Delegation to individual directors

The board may entrust to and confer upon any director any of its powers, authorities and discretions (with power to sub-delegate) on such terms and conditions as it thinks fit and may revoke or vary all or any of them, but no person dealing in good faith shall be affected by any revocation or variation.

89. Committees

- (1) The board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee consisting of such person or persons (whether directors or not) as it thinks fit, provided that the majority of the members of the committee are directors and that no meeting of the committee shall be quorate for the purpose of exercising any of its powers, authorities or discretions unless a majority of those present are directors. The board may make any such delegation on such terms and conditions as it thinks fit and may revoke or vary any such delegation and discharge any committee wholly or in part, but no person dealing in good faith shall be affected by any revocation or variation. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may be imposed on it by the board.
- (2) The proceedings of a committee with two or more members shall be governed by any regulations imposed on it by the board and (subject to such regulations) by the provisions of these articles regulating the proceedings of the board so far as they are capable of applying.
-

90. Local boards

- (1) The board may establish any local or divisional board or agency for managing any of the affairs of the Company whether in the United Kingdom or elsewhere and may appoint any persons to be members of a local or divisional board, or to be managers or agents, and may fix their remuneration.
- (2) The board may delegate to any local or divisional board, manager or agent any of its powers, authorities and discretions (with power to sub-delegate) and may authorise the members of any local or divisional board or any of them to fill any vacancies and to act notwithstanding vacancies.
- (3) Any appointment or delegation under this article may be made on such terms and subject to such conditions as the board thinks fit and the board may remove any person so appointed, and may revoke or vary any delegation, but no person dealing in good faith shall be affected by the revocation or variation.

91. Powers of attorney

The board may by power of attorney or otherwise appoint any person to be the agent of the Company on such terms (including terms as to remuneration) as it may decide and may delegate to any person so appointed any of its powers, authorities and discretions (with power to sub-delegate). The board may remove any person appointed under this article and may revoke or vary the delegation, but no person dealing in good faith shall be affected by the revocation or variation.

DIRECTORS' INTERESTS**92. Directors' interests and voting**

- (1) Subject to the provisions of the Statutes a director shall not be disqualified by his office from entering into any contract with the Company, either with regard to his tenure of any office or position in the management, administration or conduct of the business of the Company or as vendor, purchaser or otherwise. Subject to the interest of the director being duly declared, a contract entered into by or on behalf of the Company in which any director is in any way interested shall not be liable to be avoided, nor shall any director so interested be liable to account to the Company for any benefit resulting from the contract, by reason of the director holding that office or of the fiduciary relationship established by his holding that office.
 - (2) A director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director for such period (subject to the provisions of the Statutes) and upon such terms as the board may decide and may be paid such extra remuneration for so doing (whether by way of salary, commission, participation in profits or otherwise) as the board may decide, either in addition to or in lieu of any remuneration under any other provision of these articles.
 - (3) A director may be or become a member or director of, or hold any other office or place of profit under, or otherwise be interested in, any other company in which the Company may be interested and shall not be liable to account to the Company for any benefit received by him as a member or director of, or holder of any other office or place of profit under, or his other interest in, that company.
-

-
- (4) The board may cause the voting rights conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of that other company to be exercised in such manner in all respects as it thinks fit (including the exercise of voting rights in favour of any resolution appointing the directors or any of them as directors or officers of the other company or voting or providing for the payment of any benefit to the directors or officers of the other company).
- (5) A director may act by himself or his firm in a professional capacity for the Company (except as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director.
- (6) The board may purchase and maintain for or for the benefit of any person who holds or has at any time held a relevant office insurance against any liability incurred by him in respect of any act or omission in the actual or purported discharge of his duties or in the exercise or purported exercise of his powers or otherwise in relation to his holding of a relevant office; and for this purpose "relevant office" means that of director, officer, employee or auditor in relation to the Company or any company which is or was a subsidiary undertaking of or associated with the Company or any predecessor in business of the Company or any such subsidiary undertaking or associated company, or that of trustee of any pension fund or retirement, death or disability scheme for the benefit of any employee of the Company or any such subsidiary undertaking or associated company.
- (7) A director who to his knowledge is in any way, whether directly or indirectly, interested in a contract with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the board after he knows that he is or has become so interested. For the purposes of this article, a general notice given to the board by a director to the effect that:
- (a) he is a member of a specified company or firm and is to be regarded as interested in any other contract which may after the date of the notice be made with that company or firm; or
 - (b) he is to be regarded as interested in any contract which may after the date of the notice be made with a specified person who is connected with him,

shall be deemed to be a sufficient declaration of interest under this article in relation to any such contract but no such notice shall be effective unless either it is given at a meeting of the board or the director takes reasonable steps to secure that it is brought up and read at the next board meeting after it is given.

- (8) A director shall not vote (or be counted in the quorum at a meeting) in respect of any resolution concerning his own appointment (including fixing or varying its terms), or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment (including fixing or varying its terms), or the termination of the appointment, of two or more directors to offices or places of profit with the Company or any other company in which the Company is interested, those proposals may be divided and a separate resolution may be put in relation to each director and in that case each
-

of the directors concerned (if not otherwise debarred from voting under this article) shall be entitled to vote (and be counted in the quorum) in respect of each resolution unless it concerns his own appointment or the termination of his own appointment.

- (9) A director shall also not vote (or be counted in the quorum at a meeting) in relation to any resolution relating to any contract in which he has an interest which (together with any interest of any connected person) is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply and a director may vote (and be counted in the quorum) in respect of any resolution concerning any one or more of the following matters:
- (a) any contract in which he is interested by virtue of an interest in shares, debentures or other securities of the Company or otherwise in or through the Company;
 - (b) the giving of any guarantee, security or indemnity in respect of:
 - (i) money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings; or
 - (ii) a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part (either alone or jointly with others) under a guarantee or indemnity or by the giving of security;
 - (c) any issue or offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings in respect of which he is or may be entitled to participate in his capacity as a holder of any such securities or as an underwriter or sub-underwriter;
 - (d) any contract concerning any other company in which he and any connected persons do not to his knowledge hold an interest in shares (within the meaning of sections 198 to 211 of the Act) representing one per cent. or more of any class of the equity share capital of that company or of the voting rights available to members of that company;
 - (e) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which does not accord to him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and
 - (f) the purchase or maintenance of insurance for the benefit of directors or for the benefit of persons including directors.

For the purposes of this paragraph a person is a "connected person" in relation to a director if that person is deemed to be connected with that director within the meaning of section 346 of the Act.

- (10) In the case of an alternate director, an interest of his appointor shall be treated as an interest of the alternate in addition to any interest which the alternate otherwise has.
 - (11) If any question arises at any meeting as to the materiality of an interest of a director (other than the chairman of the meeting) or as to the entitlement of any director (other than the chairman of the meeting) to vote and the question is not resolved by his voluntarily agreeing to abstain from
-

voting, the question shall be referred to the chairman of the meeting and his ruling in relation to the director concerned shall be final and conclusive except in a case where the nature or extent of the interest of the director concerned, so far as known to him, has not been fairly disclosed. If any question shall arise in respect of the chairman of the meeting and is not resolved by his voluntarily agreeing to abstain from voting, the question shall be decided by a resolution of the board (for which purpose the chairman shall be counted in the quorum but shall not vote on the matter) and the resolution shall be final and conclusive except in a case where the nature or extent of the interest of the chairman, so far as known to him, has not been fairly disclosed.

- (12) In this article references to a contract include references to any proposed contract and to any transaction or arrangement whether or not constituting a contract.

PROCEEDINGS OF THE BOARD

93. Board meetings

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A director at any time may, and the secretary at the request of a director at any time shall, summon a board meeting.

94. Notice of board meetings

Notice of a board meeting shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the Company for this purpose. A director absent or intending to be absent from the United Kingdom may request the board that notices of board meetings shall during his absence be sent in writing to him (or to his alternate) at an address given by him to the Company for this purpose, but if no such request is made it shall not be necessary to give notice of a board meeting to any director who is for the time being absent from the United Kingdom. A director may waive notice of any meeting either prospectively or retrospectively.

95. Quorum

The quorum necessary for the transaction of the business of the board may be fixed by the board and, unless so fixed at any other number, shall be two.

96. Chairman or deputy chairman to preside

- (1) The board may appoint a chairman and one or more deputy chairman or chairmen and may at any time revoke any such appointment.
- (2) The chairman, or failing him any deputy chairman (the senior in office taking precedence, if more than one is present), shall, if present and willing, preside at all meetings of the directors but, if no chairman or deputy chairman has been appointed, or if he is not present within five minutes after the time fixed for holding the meeting or is unwilling to act as chairman of the meeting, the directors present shall choose one of their number to act as chairman of the meeting.
-

97. Competence of meetings

A meeting of the board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the board.

98. Voting

Questions arising at any meeting of the board shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have no second or casting vote.

99. Telephone meetings

- (1) A meeting of the board may consist of a conference between directors some or all of whom are in different places provided that each director who participates is able:

- (a) to hear each of the other participating directors addressing the meeting; and
- (b) if he so wishes, to address all of the other participating directors simultaneously,

whether directly, by conference telephone or by any other form of communications equipment (whether in use when these articles are adopted or developed subsequently) or by a combination of such methods.

- (2) A quorum is deemed to be present if those conditions are satisfied in respect of at least the number of directors required to form a quorum, subject to the provisions of article 85.
- (3) A meeting held in this way is deemed to take place at the place where the largest group of participating directors is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.

100. Resolutions in writing

A resolution in writing signed or approved by letter, facsimile, telegram or telex by all the directors entitled to notice of a meeting of the directors shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted. The resolution may be contained in one document or in several documents in like form, each signed or approved by one or more of the directors concerned. For the purpose of this article the signature or approval of an alternate director (if any) entitled to notice of a meeting of directors shall suffice in place of the signature of the director appointing him.

101. Validity of acts of directors in spite of formal defect

All acts *bona fide* done by a meeting of the board, or of a committee, or by any person acting as a director or a member of a committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the board or committee or of the person so acting, or that they or any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and qualified to be a director and had continued to be a director or member of the committee and had been entitled to vote.

102. Minutes

The board shall cause minutes to be made in books kept for the purpose:

- (a) of all appointments of officers made by the board;
- (b) of the names of all the directors present at each meeting of the board and of any committee; and
- (c) of all resolutions and proceedings of all meetings of the Company and of any class of members, and of the directors and of any committee.

SECRETARY**103. Secretary**

The secretary shall be appointed by the board for such term, at such remuneration and on such conditions as it thinks fit, and the board may remove from office any person so appointed (without prejudice to any claim for damages for breach of any contract between him and the Company).

SEAL**104. Seal**

- (1) The Company may exercise the powers conferred by the Statutes with regard to having official seals and those powers shall be vested in the board.
 - (2) The board shall provide for the safe custody of every seal of the Company.
 - (3) A seal shall be used only by the authority of the board or a duly authorised committee but that authority may consist of an instruction or approval given by letter, facsimile, telegram, telex or telephone by a majority of the directors or of the members of a duly authorised committee.
 - (4) The board may determine who shall sign any instrument to which a seal is applied, either generally or in relation to a particular instrument or type of instrument, and may also determine, either generally or in any particular case, that such signatures shall be dispensed with or affixed by some mechanical means.
 - (5) Unless otherwise decided by the board:
 - (a) certificates for shares, debentures or other securities of the Company issued under seal need not be signed; and
 - (b) every other instrument to which a seal is applied shall be signed by at least one director and the secretary or by at least two directors.
-

DIVIDENDS

105. Declaration of dividends by the Company

The Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profits, and may fix the time for payment of such dividend, but no dividend shall exceed the amount recommended by the board.

106. Fixed and interim dividends

The board may pay such interim dividends as appear to the board to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the board whenever the financial position of the Company, in the opinion of the board, justifies its payment. If the board acts in good faith, none of the directors shall incur any liability to the holders of shares conferring preferred rights for any loss they may suffer in consequence of the payment of an interim dividend on any shares having non-preferred or deferred rights.

107. Calculation and currency of dividends

- (1) Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide:
 - (a) 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;
 - (b) 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; and
 - (c) dividends may be declared or paid in any currency.
- (2) The board may agree with any member that dividends which may at any time or from time to time be declared or become due on his shares in one currency shall be paid or satisfied in another, and may agree the basis of conversion to be applied and how and when the amount to be paid in the other currency shall be calculated and paid and for the Company or any other person to bear any costs involved.

108. Method of payment

- (1) The Company may pay any dividend or other sum payable in respect of a share in cash or by cheque, dividend warrant, or money order and may send the same by post to the registered address of the holder or in the case of joint holders to the registered address of that person whose name stands first in the register, or to such person and address as the holder or joint holders may direct in writing. Every cheque, warrant, or order is sent at the risk of the person or persons entitled to the money represented by it and shall be made payable to such person or persons or as he or they may direct in writing and the payment of the cheque, warrant or order shall be a good discharge to the Company.
 - (2) In addition, any such dividend or other sum may be paid by any bank or other funds transfer system or by such other means and to or through such person as the holder or joint holders may
-

direct in writing, and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or when it has acted on any such direction.

- (3) Any joint holder or other person jointly entitled to any share may give an effective receipt for all dividends and other moneys paid in respect of the share.
- (4) Any dividend or other sum payable in respect of a share may be paid to a person or persons entitled by transmission to that share as if he or they were the holder or joint holders of that share and his address (or the address of the first named of two or more persons jointly entitled) noted in the register were the registered address.

109. Dividends not to bear interest

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

110. Calls or debts may be deducted from dividends

The board may deduct from any dividend or other moneys payable to any person (either alone or jointly with another) on or in respect of a share all such sums as may be due from him (either alone or jointly with another) to the Company on account of calls or otherwise in relation to shares of the Company.

111. Unclaimed dividends etc

All unclaimed dividends, interest or other sums payable may be invested or otherwise made use of by the board for the benefit of the Company until claimed. All dividends unclaimed for a period of twelve years after having become due for payment shall be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend, interest or other sum payable by the Company on or in respect of any share into a separate account shall not constitute the Company a trustee in respect of it.

112. Uncashed dividends

If a cheque, warrant or order for a dividend or other sum payable in respect of a share sent by the Company to the person entitled to it is returned to the Company or left uncashed and, after reasonable enquiries, the Company is unable to establish any new address for that person or if such a cheque, warrant or order is returned to the Company or left uncashed on two consecutive occasions, the Company shall not be obliged to send any dividends or other sums payable in respect of that share due to that person until he notifies the Company of an address to be used for the purpose.

113. Dividends in specie

- (1) With the sanction of an ordinary resolution of the Company and on the recommendation of the board payment of any dividend may be satisfied wholly or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company.
 - (2) Where any difficulty arises in regard to the distribution, the board may settle the difficulty as it thinks fit and in particular may issue fractional certificates or ignore fractions, and may fix the value for distribution of the specific assets or any part of them, and may determine that cash
-

payments be made to any members upon the footing of the value so fixed in order to secure equality of distribution, and may vest any of the specific assets in trustees upon such trusts for the persons entitled to the dividend as the board may think fit.

114. Scrip dividends

- (1) The board may, if authorised by an ordinary resolution of the Company, offer any holders of any particular class of shares the right to elect to receive further shares (whether or not of that class), credited as fully paid, instead of cash in respect of all (or some part) of any dividend specified by the ordinary resolution (a "scrip dividend") in accordance with the following provisions of this article.
 - (2) The ordinary resolution may specify a particular dividend (whether or not already declared) or may specify all or any dividends declared within a specified period, but such period may not end later than five years after the date of the meeting at which the ordinary resolution is passed.
 - (3) The basis of allotment shall be decided by the board so that, as nearly as may be considered convenient, the value of the further shares, including any fractional entitlement, is equal to the amount of the cash dividend which would otherwise have been paid (disregarding the amount of any associated tax credit).
 - (4) For the purposes of paragraph (3) above the value of the further shares shall be calculated by reference to the middle-market quotation for a fully paid share of the relevant class, adjusted if necessary for the proposed dividend, as shown in the Daily Official List published by the London Stock Exchange, for the five business days immediately preceding or following the announcement of the cash dividend to which the scrip dividend relates, as the board may decide.
 - (5) The board shall give notice to the shareholders of their rights of election in respect of the scrip dividend and shall specify the procedure to be followed in order to make an election.
 - (6) The dividend or that part of it in respect of which an election for the scrip dividend is made shall not be paid and instead further shares of the relevant class shall be allotted in accordance with elections duly made and the board shall capitalise a sum equal to the aggregate nominal amount of the shares to be allotted out of such sums available for the purpose as the board may consider appropriate.
 - (7) The further shares so allotted shall rank *pari passu* in all respects with the fully paid shares of the same class then in issue except as regards participation in the relevant dividend.
 - (8) The board may decide that the right to elect for any scrip dividend shall not be made available to shareholders resident in any territory where, in the opinion of the board, compliance with local laws or regulations would be unduly onerous.
 - (9) The board may do all acts and things considered necessary or expedient to give effect to the provisions of a scrip dividend election and the issue of any shares in accordance with the provisions of this article, and may make such provisions as they think fit for the case of shares becoming distributable in fractions (including provisions under which, in whole or in part, the benefit of fractional entitlements accrues to the Company rather than to the members concerned). To the extent that the entitlement of any holder of shares in respect of any dividend
-

is less than the value of one new share of the relevant class (as determined for the basis of any scrip dividend) the board may also from time to time establish or vary a procedure for such entitlement to be accrued and aggregated with any similar entitlement for the purposes of any subsequent scrip dividend.

- (10) The board may from time to time establish or vary a procedure for election mandates, under which a holder of shares may, in respect of any future dividends for which a right of election pursuant to this article is offered, elect to receive shares in lieu of such dividend on the terms of such mandate.
- (11) The board shall not make a scrip dividend available unless the Company has sufficient unissued shares and undistributed profits or reserves to give effect to elections which could be made to receive that scrip dividend.

CAPITALISATION OF RESERVES

115. Capitalisation of reserves

- (1) The board may, with the authority of an ordinary resolution of the Company:
 - (a) resolve to capitalise any sum standing to the credit of any reserve account of the Company (including share premium account and capital redemption reserve) or any sum standing to the credit of profit and loss account not required for the payment of any preferential dividend (whether or not it is available for distribution); and
 - (b) appropriate that sum as capital to the shareholders in proportion to the nominal amount of the share capital held by them respectively and apply that sum on their behalf in paying up in full any unissued shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions or in paying up the whole or part of any amounts which are unpaid in respect of any issued shares in the Company held by them respectively, or otherwise deal with such sum as directed by the resolution provided that the share premium account and the capital redemption reserve and any sum not available for distribution in accordance with the Statutes may only be applied in paying up unissued shares to be allotted credited as fully paid up.
 - (2) Where any difficulty arises in respect of any distribution of any capitalised reserve or other sum, the board may settle the difficulty as it thinks fit and in particular may make such provisions as it thinks fit in the case of shares or debentures becoming distributable in fractions (including provisions under which, in whole or in part, the benefit of fractional entitlements accrues to the Company rather than the members concerned) or ignore fractions and may fix the value for distribution of any fully paid up shares or debentures and may determine that cash payments be made to any members on the footing of the value so fixed in order to secure equality of distribution, and may vest any shares or debentures in trustees upon such trusts for the persons entitled to share in the distribution as the board may think fit.
 - (3) The board may also authorise any person to sign on behalf of the persons entitled to share in the distribution a contract for the acceptance by those persons of the shares or debentures to be allotted to them credited as fully paid under a capitalisation and any such contract shall be binding on all those persons.
-

116. Capitalisation of reserves - employees' share schemes

- (1) This article (which is without prejudice to the generality of the provisions of the immediately preceding article) applies:
 - (a) where a person is granted pursuant to an employees' share scheme a right to subscribe for shares in the Company in cash at a subscription price less than their nominal value; and
 - (b) where, pursuant to an employees' share scheme, the terms on which any person is entitled to subscribe in cash for shares in the Company are adjusted as a result of a capitalisation issue, rights issue or other variation of capital so that the subscription price is less than their nominal value.
- (2) In any such case the board:
 - (a) shall transfer to a reserve account a sum equal to the deficiency between the subscription price and the nominal value of the shares (the "cash deficiency") from the profits or reserves of the Company which are available for distribution and not required for the payment of any preferential dividend; and
 - (b) (subject to paragraph (4) below) shall not apply that reserve account for any purpose other than paying up the cash deficiency upon the allotment of those shares.
- (3) Whenever the Company is required to allot shares pursuant to such a right to subscribe, the board shall (subject to the Statutes) appropriate to capital out of the reserve account an amount equal to the cash deficiency applicable to those shares, apply that amount in paying up the deficiency on the nominal value of those shares and allot those shares credited as fully paid to the person entitled to them.
- (4) If any person ceases to be entitled to subscribe for shares as described above, the restrictions on the reserve account shall cease to apply in relation to such part of the account as is equal to the amount of the cash deficiency applicable to those shares.
- (5) No right shall be granted under any employees' share scheme under paragraph (1)(a) and no adjustment shall be made as mentioned in paragraph (1)(b) unless there are sufficient profits or reserves of the Company available for distribution and not required for the payment of any preferential dividend to permit the transfer to a reserve account in accordance with this article of an amount sufficient to pay up the cash deficiency applicable to the shares concerned.

RECORD DATES**117. Fixing of record dates**

- (1) Notwithstanding any other provision of these articles, but without prejudice to any rights attached to any shares, the Company or the board may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared, paid or made.
-

-
- (2) In the absence of a record date being fixed, entitlement to any dividend, distribution, allotment or issue shall be determined by reference to the date on which the dividend is declared or the distribution, allotment or issue is made.

ACCOUNTS

118. Accounting records

- (1) The board shall cause accounting records of the Company to be kept in accordance with the provisions of the Statutes.
- (2) No member (as such) shall have any right of inspecting any account, book or document of the Company, except as conferred by law or authorised by the board or by any ordinary resolution of the Company.
- (3) The Company may send summary financial statements to members instead of copies of its full accounts and reports.

NOTICES

119. Notices to be in writing

Any notice to be served on or given to any person or by any person pursuant to these articles shall be in writing except where otherwise expressly stated. The signature on any notice given by the Company may be printed or reproduced by mechanical means.

120. Service of notices

- (1) A notice or other document may be served by the Company on any member either personally or by sending it through the post addressed to the member at his registered address or by leaving it at that address addressed to the member or by any other means authorised by the member concerned.
- (2) In the case of joint holders of a share service or delivery of any notice or other document on or to the joint holder who is named first in the register in respect of the joint holders shall be sufficient service on or delivery to all the holders of the share.
- (3) A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be served on him shall be entitled to have notices served on him at that address but, unless he does so, shall not be entitled to receive any notice from the Company.

121. Notice by advertisement

If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a notice advertised in at least one national newspaper. In any such case the Company shall send confirmatory copies of the notice by post if at least six clear days before the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

122. Evidence of service

- (1) Any notice or other document, if served by first class post, shall be deemed to have been served on the day following that on which the envelope containing it is put into the post, or, if served by second class post, shall be deemed to have been served on the second day following that on which the envelope containing it was put into the post and in proving such service it shall be sufficient to prove that the letter, envelope or wrapper containing the notice or document was properly addressed, prepaid and put into the post.
- (2) Any notice or document not sent by post but left at a registered address or address for service in the United Kingdom shall be deemed to have been served or delivered on the day it was so left.
- (3) Where notice is given by way of newspaper advertisement, such notice shall be deemed to have been duly served on each member or person entitled to receive it at noon on the day when the advertisement appears or, if it appears on different days, at noon on the first of the days when the advertisement appears.
- (4) A member present, either in person or by proxy, at any meeting of the Company or class of members of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which the meeting was convened.
- (5) Every person who becomes entitled to a share shall be bound by every notice (other than a notice in accordance with section 212 of the Act) in respect of that share which before his name is entered in the register was given to the person from whom he derives his title to the share.

123. Record date for service

Any notice or other document may be served or delivered by the Company by reference to the register as it stands at any time not more than 15 days before the date of service or delivery. No change in the register after that time shall invalidate that service or delivery.

124. Service of notice on person entitled by transmission

Where a person is entitled by transmission to a share, any notice or other document shall be served upon or delivered to him, as if he were the holder of that share and his address noted in the register were his registered address. In any other case, any notice or other document served on or delivered to any member pursuant to these articles shall, notwithstanding that the member is then dead or bankrupt or that any other event giving rise to the transmission of the share by operation of law has occurred and whether or not the Company has notice of the death, bankruptcy or other event, be deemed to have been properly served or delivered in respect of any share registered in the name of that member as sole or joint holder.

DESTRUCTION OF DOCUMENTS**125. Destruction of documents**

- (1) The board may authorise or arrange the destruction of documents held by the Company as follows:
-

-
- (a) at any time after the expiration of six years from the date of registration, all instruments of transfer of shares and all other documents transferring or purporting to transfer shares or representing or purporting to represent the right to be registered as the holder of shares on the faith of which entries have been made in the register;
 - (b) at any time after the expiration of one year from the date of cancellation, all registered share certificates which have been cancelled;
 - (c) at any time after the expiration of two years from the date of recording them, all dividend mandates and notifications of change of address; and
 - (d) at any time after the expiration of one year from the date of actual payment, all paid dividend warrants and cheques.
- (2) It shall conclusively be presumed in favour of the Company that:
- (a) every entry in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made;
 - (b) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
 - (c) every share certificate so destroyed was a valid certificate duly and properly cancelled;
 - (d) every other document mentioned in paragraph (1) above so destroyed was a valid and effective document in accordance with the particulars of it recorded in the books and records of the Company; and
 - (e) every paid dividend warrant and cheque so destroyed was duly paid.
- (3) The provisions of paragraph (2) above shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties to it) to which the document might be relevant.
- (4) Nothing in this article shall be construed as imposing on the Company or the board any liability in respect of the destruction of any document earlier than as stated in paragraph (1) above or in any other circumstances in which liability would not attach to the Company or the board in the absence of this article.
- (5) References in this article to the destruction of any document include references to its disposal in any manner.

WINDING UP

126. Powers to distribute in specie

If the Company is in liquidation, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Statutes:

- (a) divide among the members in specie the whole or any part of the assets of the Company and, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members; or
- (b) vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like sanction, shall think fit but no member shall be compelled to accept any assets upon which there is any liability.

INDEMNITY

127. Indemnity of officers

Subject to the provisions of and to the extent permitted by the Statutes, every director or the company secretary of the Company shall be indemnified out of the assets of the Company against all liabilities incurred by him in the actual or purported execution or discharge of his duties or the exercise or purported exercise of his powers or otherwise in relation to or in connection with his duties, powers or office but:

- (a) this indemnity shall not apply to any liability to the extent that it is recovered from any other person; and
 - (b) the indemnity is subject to such officer or auditor taking all reasonable steps to effect such recovery, to the intent that the indemnity shall not apply where an alternative right of recovery is available and capable of being enforced.
-

EP:31415.1

TRIAD GROUP PLC

RULES OF

TRIAD GROUP PLC SHARE OPTION SCHEME (Inland Revenue reference: X18096/GRP)

(to be approved and adopted by the Company
by special resolution on , 1996)

ALLEN & OVERY

London
Ref: SPC/JMQ

**TRIAD GROUP PLC
SHARE OPTION SCHEME**

CONTENTS

Section A - Rules	Page
1. Interpretation.....	1
2. Participation.....	4
3. Grant Of Options.....	4
4. Performance Requirements	5
5. Prohibition On Assignment	5
6. Limit On Shares	6
7. Limit On Participation	7
8. Exercise Of Options	8
9. Lapse Of Option.....	8
10. Cessation Of Employment - Special Circumstances	9
11. Manner Of Exercise And Issue Or Transfer Of Shares	10
12. Issue Or Reorganisation.....	10
13. Change Of Control, Reconstruction And Voluntary Winding-Up	11
14. Exchange Of Options.....	12
15. Administration.....	13
16. Amendment	14
17. Duration.....	14
Section B.....	15

1. INTERPRETATION

- (1) The following words and expressions have the following meanings except where the context otherwise requires:

"Acquisition Price"	the price, as determined by the Directors, at which each Share subject to an Option may be acquired on the exercise of that Option. That price must not be manifestly less than Market Value. The Acquisition Price may be varied under Rule 12 and, if Rule 14 has been applied, in the event of an exchange of options, the "Acquisition Price" shall be the price for the acquisition of a share in the company whose shares are scheme shares determined under Rule 14;
"Approval"	approval of the Scheme as a share option scheme under Schedule 9;
"Company"	Triad Group Plc;
"Control"	has the same meaning as in Section 840 of ICTA 1988;
"Date of Grant"	the date on which an Option is granted under Rule 3;
"Dealing Day"	a day on which Shares may be dealt in on the London Stock Exchange;
"Directors"	the board of directors for the time being of the Company or a duly constituted committee to which the Directors may properly delegate powers, authorities and discretions under the Articles of Association of the Company;
"Eligible Employee"	any person holding Employment who is not precluded from participating in the Scheme by paragraph 8 of Schedule 9;
"Employment"	employment as an employee or full-time director of any Participating Company and, for the purposes of the Scheme, a full-time director is a director who is required to devote not less than 25 hours per week excluding meal breaks to his duties. For the avoidance of doubt, a transfer of employment from one Participating Company to another shall not be treated as a cessation of Employment for the purposes of the Scheme;

"Group"	the Company and all Subsidiaries which are under the Control of the Company;
"Group Remuneration"	<p>at any particular time the highest of:</p> <ul style="list-style-type: none">(a) an Eligible Employee's annual basic salary in respect of his employment with the Group;(b) an Eligible Employee's total emoluments in respect of his employment with the Group paid during, or payable in respect of, a period of twelve months selected by the Directors which ends at or at any time within 2 years before that time;
"ICTA 1988"	Income and Corporation Taxes Act 1988;
"Issue or Reorganisation"	any variation in the capital of the Company (or any other company whose shares are scheme shares) arising from or in connection with a capitalisation issue (whether made pursuant to an enhanced scrip dividend arrangement or otherwise), an offer to the holders of Shares by way of rights or a subdivision, consolidation, reduction or other variation of share capital;
"London Stock Exchange"	The London Stock Exchange Limited or any successor body carrying on the business of The London Stock Exchange Limited;
"Market Value"	an amount equal to the middle market quotation of a Share on the Dealing Day immediately preceding the Date of Grant or, if the Directors so decide, the average for a number of consecutive Dealing Days immediately preceding the Date of Grant, not exceeding five, as ascertained from the Daily Official List of the London Stock Exchange;
"Normal Grant Period"	<p>the period of 42 days commencing on the day after any of the following:</p> <ul style="list-style-type: none">(a) the date on which the Company releases its interim results or its final results for any financial period; or(b) the date on which listing particulars or a document containing equivalent information relating to Shares is issued; or(c) the date on which Approval is given;

"Option"	a right to acquire Shares under the Scheme;
"Other Executive Option Scheme"	any Other Option Scheme, the grant of any option under which is in practice substantially limited to persons of executive status;
"Other Option Scheme"	any employee share option scheme adopted by the Company, other than the Scheme, providing for the issue of Shares;
"Participant"	any individual who has been granted an Option including, if relevant, his legal personal representatives;
"Participating Company"	any company within the Group to which the Scheme for the time being extends;
"Profit Sharing Scheme"	any profit sharing scheme approved by the Inland Revenue under Schedule 9 which provides for the issue of Shares;
"Relevant Emoluments"	such of the emoluments of the office or employment by virtue of which the Eligible Employee is eligible to participate in the Scheme as are liable to deduction of tax pursuant to section 203 of ICTA 1988 (deduction of income tax under the Pay As You Earn system) after deducting amounts included by virtue of Chapter II of Part V (expenses and benefits-in-kind to be excluded);
"Remuneration"	at any particular time, an Eligible Employee's Relevant Emoluments for the current or preceding year of assessment (whichever of those years gives the greater amount) or, if there were no Relevant Emoluments for the preceding year of assessment, his Relevant Emoluments for the period of twelve months beginning with the first day during the current year of assessment in respect of which there are Relevant Emoluments;
"Revenue Limit"	£30,000 or such other amount as may from time to time be the appropriate limit for the purpose of paragraph 28(2) of Schedule 9;
"Schedule 9"	Schedule 9 to ICTA 1988;
"Scheme"	the Triad Group Plc Share Option Scheme, in its present form, as from time to time amended in accordance with the rules;

"Share"	an ordinary share in the capital of the Company or, if Rule 14 has been applied, the company whose shares are scheme shares which satisfies the conditions of paragraphs 10 to 14 of Schedule 9;
"Subsidiary"	a company which is a subsidiary of the Company within the meaning of Section 736 of the Companies Act 1985.

- (2) Other words or expressions, so far as not inconsistent with the context, shall have the same meanings as in Schedule 9.
- (3) Words importing the singular shall include the plural and vice versa and words importing the masculine shall include the feminine.
- (4) Any reference, express or implied, to an enactment includes references to;
 - (a) that enactment as amended, extended or applied by or under any other enactment; and
 - (b) any enactment which that enactment re-enacts (with or without modification).

2. PARTICIPATION

- (1) No person is entitled as of right to participate in the Scheme. The Directors may decide from time to time which Eligible Employee or Eligible Employees may participate and the extent of the participation.
- (2) The Directors shall decide to which companies within the Group the Scheme shall from time to time extend and may add or remove any such company from participation. Subject thereto the Scheme shall extend to all companies within the Group.

3. GRANT OF OPTIONS

- (1) The Directors may adopt any procedure for granting Options. The form for the time being of any option certificate or other document shall be determined by the Directors subject to the approval of the Inland Revenue and shall identify whether the Option is granted under Section A or Section B.
 - (2) An Option shall be granted by deed. A single deed of grant may be executed in favour of any number of Eligible Employees. Any Eligible Employee to whom an Option is granted may, with the consent of the Directors, renounce the Option in whole or in part, within 30 days of the Date of Grant and, to the extent renounced, the Option shall be treated as if it had never been granted.
 - (3) The Date of Grant of an Option shall be the day on which the deed granting the Option is executed.
-

-
- (4) The Date of Grant must normally be chosen so that each Dealing Day used to determine the Acquisition Price lies within a Normal Grant Period. However, Options may be granted at any other time when the Directors consider that there are exceptional circumstances justifying the grant of Options.
 - (5) An option certificate shall be sent to the Participant as soon as practicable after an Option has been granted. The deed of grant shall be retained and may be inspected by any Participant entitled under it.
 - (6) An Option shall constitute a contract between the Company and the Participant incorporating the provisions of the Scheme so far as relevant.
 - (7) An Option shall not be granted to an Eligible Employee if he is bound to retire in accordance with the terms of his contract of employment normal retirement date within two years of the Date of Grant.

4. PERFORMANCE REQUIREMENTS

- (1) Each Option shall be granted subject to an objective performance requirement, the attainment of which shall normally be a condition precedent to the exercise of the Option.
- (2) The Directors may subsequently alter or waive all or any of the terms of the performance requirement and may substitute a new performance requirement provided that any alteration to a term or substituting of new terms must be such that the altered term or substituted terms reflect a fairer measure of the performance required and are no more difficult to satisfy than the performance requirement at the Date of Grant.
- (3) The circumstances in which the performance requirement may be altered to waived shall be notified to the Participant when the Option is granted.
- (4) The Directors must act fairly and reasonably in imposing, altering, waiving or substituting the performance requirement. Prior approval of the Board of Inland Revenue must be obtained.
- (5) The performance requirement shall be deemed to be waived if:
 - (i) the Participant ceases to be in Employment by reason of death, redundancy, injury, disability or the transfer of the undertaking or part of the undertaking in which he is employed by a person who is not within the Group, or
 - (ii) the Participating Company by which he is employed ceases to be within the Group; or
 - (iii) Rules 13 or 14 apply.
- (6) The Directors may impose on the grant of an Option or alter, waive or substitute subsequently, additional terms and conditions, with the prior approval of the Inland Revenue.

5. PROHIBITION ON ASSIGNMENT

No Option granted under the Scheme may be transferred, assigned, charged or otherwise alienated.

6. LIMIT ON SHARES

(1) 5% in 10 year Limit

The total number of unissued Shares in respect of which Options may be granted under the Scheme in any year shall not, when aggregated with the number of Shares issued pursuant to options granted, or capable of issue pursuant to options granted, under the Scheme and any Other Executive Option Scheme established by the Company after the date of adoption of the Scheme, during that year and the preceding 9 years, exceed 5% of the ordinary share capital of the Company in issue at the end of that year.

(2) 10% in 10 year Limit

The total number of unissued Shares in respect of which Options may be granted under the Scheme in any year shall not, when aggregated with:

- (a) the number of Shares issued pursuant to options granted, or capable of issue pursuant to options granted, under the Scheme and any Other Option Scheme established by the Company after the date of adoption of the Scheme and
- (b) the number of Shares issued under any Profit Sharing Scheme

during that year and the preceding 9 years, exceed 10% of the ordinary share capital of the Company in issue at the end of that year.

(3) 3% in 3 year Limit

The total number of unissued Shares in respect of which Options may be granted under the Scheme in any year shall not, when aggregated with:

- (a) the number of Shares issued pursuant to options granted, or capable of issue pursuant to options granted, under the Scheme and any Other Option Scheme established by the Company after the date of adoption of the Scheme and
- (b) the number of Shares issued under any Profit Sharing Scheme

during that year and the preceding two years, exceed 3% of the ordinary share capital of the Company in issue at the end of that year. However, if options have been granted under a savings related share option scheme this paragraph is modified in the following manner if it would then permit Options to be granted: the references to "3%" and "3 years" become "5%" and "5 years" respectively but the total number of Options granted under this Scheme must still be limited to 3% in each 3 year period.

(4) For the purpose of the limits contained in this Rule:

- (a) the number of Shares, if any, issued prior to the time at which such limits are applied (and whether issued on the exercise of any option or under a Profit Sharing Scheme) shall be adjusted in such manner as the Directors shall consider to be appropriate in the
-

event of an Issue or Reorganisation taking place after the issue of the Shares in question and prior to the time at which such limits are applied;

- (b) Shares under any option which has been released or cancelled or has lapsed without being exercised shall be ignored;
- (c) "year" shall mean each financial period of twelve months of the Company. If any financial period of the Company is materially longer or shorter than 12 months the limits shall be applied with appropriate adjustments;
- (d) to the extent that the Directors consider that the exercise of Options can be satisfied by the transfer of Shares already in issue those Options shall not be treated as granted over unissued Shares;
- (e) if unissued Shares are placed under option under a share option scheme of a company which is associated with the Company under a rule similar in purpose or effect to Rule 14 those shares shall be taken into account, unless the Directors decide otherwise, for the purpose of Rule 6(2) above and, if the share option scheme is substantially confined to persons of executive status, Rule 6(1) above, but shall not be taken into account for the purpose of Rule 6(3);
- (f) nothing which takes place after the grant of an Option shall require that Option to be treated as in breach of this Rule.

7. LIMIT ON PARTICIPATION

(1) Institutional Shareholders Guidelines Limit

An Option to subscribe for Shares shall not be granted under the Scheme to an Eligible Employee at any time if the aggregate Market Value of the Shares under the Option, when aggregated with the aggregate market value (taken at the grant date) for Shares comprised in any option to subscribe for Shares granted to him under the Scheme and any Other Executive Option Scheme during the period of ten years immediately preceding such time, would exceed four times his Group Remuneration.

(2) Revenue Limit

The aggregate market value of Shares which an Eligible Employee may acquire in pursuance of rights obtained under the Scheme or under any other share option scheme approved under Schedule 9 (other than a savings related share option scheme) established by the Company or by any associated company (within the meaning of Section 187(2) of ICTA 1988) of the Company (and not exercised), such aggregate market value being determined at the time the rights are obtained, shall not exceed the Revenue Limit.

(3) Limitation to Maximum Limit

For the avoidance of doubt, the number of Shares in any Option shall, where necessary, be limited and take effect as that number which ensures that the Revenue Limit is not exceeded.

8. EXERCISE OF OPTIONS

- (1) An Option shall be capable of being exercised, unless the performance condition needs to be and has not been satisfied or unless Rule 8(2) applies at any time from the earliest of:
 - (a) the third anniversary of the Date of Grant;
 - (b) cessation of the Participant's Employment by reason of retirement at or after any date at which the Participant is bound to retire in accordance with the terms of his contract of employment;
 - (c) cessation of the Participant's Employment by reason of redundancy, injury or disability;
 - (d) cessation of the Participant's Employment by reason of the Participating Company by which he is employed ceasing to be within the Group or by reason of the transfer or sale of the undertaking or part of the undertaking in which he is employed to a person who is not within the Group;
 - (e) the occurrence of the circumstances permitting the exercise of Options specified in Rule 13; and
 - (f) the Participant's death.
- (2) An Option may not be exercised by a Participant at any time when he is ineligible to participate in the Scheme by virtue of paragraph 8 of Schedule 9.

9. LAPSE OF OPTION

- (1) An Option shall lapse, unless provided otherwise elsewhere in the Rules, to the extent that it has not been exercised (whether or not it became exercisable) by the earliest of:
 - (a) the tenth anniversary of the Date of Grant;
 - (b) the expiry of eighteen months from the date on which the Participant ceases to be in Employment by reason of retirement at or after the date on which the Participant is bound to retire in accordance with the terms of his contract of employment;
 - (c) the expiry of six months from the date on which the Participant ceases to be in Employment by reason of redundancy, injury or disability;
 - (d) the expiry of six months from the date on which the Participant ceases to be in Employment by reason of the Participating Company by which he is employed ceasing to be within the Group or the transfer or sale of the undertaking or part of the undertaking in which he is employed to a person who is not within the Group;
 - (e) the expiry of the period referred to in Rule 13(3) or, if appropriate, 13(4) or 13(5);
-

(f) the date on which:

- (i) the Participant is given notice to leave Employment by his Employer if he subsequently ceases to be in Employment (and for the avoidance of doubt any purported exercise of the Option during the period of notice shall be of no effect); or
- (ii) the Participant ceases to be in Employment either without any notice having been given or as a consequence of notice given by the Participant to his Employer,

in any circumstances other than death and those referred to in sub-paragraphs (b), (c) and (d) of this paragraph unless (being female) she is entitled to exercise and subsequently does exercise the statutory right (or any corresponding contractual right) to resume Employment after an absence due to pregnancy or confinement;

(g) the date on which a Participant enters into a composition with his creditors in satisfaction of his debts or a bankruptcy order is made against him.

(2) If a Participant dies at any time when his Option is outstanding, whether or not it is then capable of being exercised, the Option shall be and remain capable of exercise until the expiry of twelve months from the date of his death but shall lapse earlier in the circumstances specified in Rule 13.

(3) An Option shall not lapse by virtue of this Rule if the occasion for lapse falls in a period when the Option is capable of being exercised under Rule 13 but the Option shall lapse on the expiry of that period or, if earlier, one year after the date of the Participant's death.

10. CESSATION OF EMPLOYMENT - SPECIAL CIRCUMSTANCES

(1) If a Participant ceases to be in Employment, other than by reason of retirement at or after any date on which the Participant is bound to retire in accordance with the terms of his contract of employment, whether or not the cessation of Employment is within three years from the Date of Grant but in circumstances in which his Option is not exercisable under Rule 8 and/or would lapse under Rule 9(1)(f) the Directors may, within three months after the cessation of Employment, acting fairly and reasonably, permit his Option to be exercisable in whole or in part during such period (but not later than one year after his death) as they may decide. If the performance condition imposed under Rule 4 has not been satisfied an Option may only be allowed to be exercisable having due regard to the performance of the Company over the period since the Option was granted.

(2) If, following the cessation of a Participant's Employment, his Option would lapse at the end of any period specified in Rule 9 or permitted under Rule 10(1), the Directors may, before the expiry of three months after the end of that period, defer the lapse of his Option until the end of such longer period as they may determine acting fairly and reasonably (but not later than one year after his death) and not exceeding a period which expires three years and six months after the Date of Grant or, if longer, three years and six months after the last occasion on which the Participant exercised an option in circumstances qualifying for relief from income tax under Section 185 ICTA 1988.

-
- (3) If a Participant ceases to be in Employment, other than by reason of redundancy, injury, disability or retirement on or after any date on which he is bound to retire in accordance with the terms of his contract of employment, but continues to provide services to the Group on a self-employed basis or through a service company or on another basis, the Directors may, acting fairly and reasonably, determine that his Option shall neither become exercisable nor lapse by virtue of such cessation and that Rules 8 to 10 shall apply when he subsequently ceases to provide services to the Group, or in such other circumstances as the Directors may determine acting fairly and reasonably, with such modifications as are necessary.

11. MANNER OF EXERCISE AND ISSUE OR TRANSFER OF SHARES

- (1) An Option may be exercised by the Participant giving notice of exercise in a form approved by the Directors to the Company accompanied by payment of the total Acquisition Price of the Shares in respect of which the Option is exercised and such other documents as the Directors may require.
- (2) Within 30 days of the date of exercise the Shares in respect of which the Option has been exercised shall be allotted and issued or, if appropriate, transferred to the Participant or as he may direct.
- (3) The allotment or transfer of Shares under the Scheme is subject to obtaining any approval or consent required under the Listing Rules of the London Stock Exchange, the City Code on Take-overs and Mergers, or any applicable regulations or enactment.
- (4) Shares issued under the Scheme will rank *pari passu* in all respects with issued Shares of the same class. However, they will not be entitled to any rights attaching to Shares by reference to a record date prior to the date of exercise of the Option.
- (5) An Option may be exercised in whole or in part and, in the event of an Option being exercised in part, any outstanding option certificate may be called in or cancelled. The Participant shall be furnished with details of the date on which the Option was last exercised and the number of Shares outstanding under the Option. The Directors may determine, acting fairly and reasonably, that the Option may only be exercised in respect of a reasonable minimum number of Shares and/or in respect of a multiple of any round number of Shares, or in respect of the balance of Shares outstanding in the Option.
- (6) The Company shall apply to the London Stock Exchange for Shares issued under the Scheme to be admitted to the Official List (unless listing already been granted).

12. ISSUE OR REORGANISATION

- (1) In the event of any Issue or Reorganisation,
- (a) the number of Shares comprised in an Option; and/or
- (b) the Acquisition Price under an Option,

may be adjusted in such manner as the Directors decide subject to the prior approval of the Inland Revenue.

-
- (2) If an Option relates to unissued Shares an adjustment under paragraph (1) above may reduce or further reduce the Acquisition Price below the nominal value of a Share if:
- (a) a part of the reserves of the Company equal to the difference between the adjusted Acquisition Price and the nominal value of the Shares concerned ("Relevant Amount") may be capitalised if the Option is exercised so as to pay up the Relevant Amount; and
 - (b) the Company has sufficient reserves available.
- (3) Participants shall be notified of any adjustments made under this Rule 12 and any option certificate may be called in, cancelled, endorsed or reissued.

13. CHANGE OF CONTROL, RECONSTRUCTION AND VOLUNTARY WINDING-UP

- (1) If:
- (a) a general offer is made to acquire the whole of the issued ordinary share capital of the Company (or such part thereof as is not at the time owned by the offeror or any company controlled by the offeror and/or persons acting in concert with the offeror) and after the announcement of the general offer the offeror (and any such companies and/or persons) acquires Control of the Company, or
 - (b) a general offer is made to acquire the whole of the issued ordinary share capital of the Company (or such part thereof as aforesaid) by any person who (together with any company controlled by such person and/or persons acting in concert with him) has Control of the Company,

a Participant may, subject to the provisions of Rules 8(2), 9 and 13(3), exercise his Option at any time during the period of six months following, in the case of an offer within paragraph (a) above, the date of the acquisition of Control and, in the case of an offer within paragraph (b) above, the date on which the offer is made or, if the offer was conditional, the later date on which the offer becomes unconditional.

- (2) The Company shall use its best endeavours to procure that if a Participant is allotted Shares pursuant to the exercise of Options in accordance with Rule 13(1) then if such Shares were not the subject of the said general offer the offeror shall make an offer to acquire from the Participant his Shares upon the same terms as Shares of the same class were acquired under the general offer.
 - (3) If any person becomes entitled to give a notice under Sections 428 to 430F of the Companies Act 1985 to acquire any Shares (or would be so entitled but for the fact that there were no dissenting shareholders) the Directors shall forthwith notify each Participant thereof. Upon the expiry of one month following such notification all unexercised Options will lapse.
 - (4) If pursuant to a scheme of arrangement between the Company and its shareholders under Section 425 of the Companies Act 1985 any company obtains Control of the Company the Directors may, acting fairly and reasonably, permit Options to become exercisable for such period and on such terms as they determine and they may determine that Options shall lapse at the end of any such period. If they make no such determination Options shall neither become exercisable nor lapse upon the scheme of arrangement becoming effective. However, the
-

Directors may provide that any Option shall lapse on the scheme of arrangement becoming effective.

- (5) If a resolution for a members' voluntary winding up of the Company is passed (other than for the purpose of a reconstruction or amalgamation), a Participant may, subject to Rule 8(2) within three months of the date of the resolution, exercise his Option by giving notice that his Option is deemed to have been exercised immediately prior to the commencement of the winding-up and the Participant shall rank accordingly in the winding-up. Subject thereto, all Options shall lapse on the winding up of the Company.

14. EXCHANGE OF OPTIONS

If any company (the "acquiring company")

- (a) obtains Control of the Company as a result of making:
 - (i) a general offer to acquire the whole of the issued share capital of the Company which is made on a condition such that if it is satisfied the person making the offer will have Control of the Company, or
 - (ii) a general offer to acquire all the shares in the Company which are of the same class as the scheme shares, or
- (b) obtains Control of the Company in pursuance of a compromise or arrangement sanctioned by the court under section 425 of the Companies Act 1985, or
- (c) becomes bound or entitled to acquire Shares under sections 428 to 430F of the said Act of 1985

any Participant may at any time within the appropriate period, by agreement with the acquiring company, release his Option ("old rights") in consideration of the grant to him of rights ("new rights") which are equivalent to his Option but relate to shares in a different company (whether the acquiring company itself or some other company falling within paragraph 10(b) or (c) of Schedule 9). "The appropriate period" and "equivalent" have the same meaning as in paragraph 15 of Schedule 9 and accordingly the new rights shall not be regarded for the purpose of the Scheme as equivalent to the old rights unless:

- (a) the shares to which they relate satisfy the conditions specified, in relation to scheme shares, in paragraphs 10 to 14 of Schedule 9; and
 - (b) the new rights will be exercisable in the same manner as the old rights and subject to the provisions of the Scheme as it had effect immediately before the release of the old rights; and
 - (c) the total market value, immediately before the release, of the shares which were subject to the Participant's old rights is equal to the total market value, immediately after the grant of the shares in respect of which the new rights are granted to the Participant; and
-

-
- (d) the total amount payable by the Participant for the acquisition of shares in pursuance of the new rights is equal to the total amount that would have been payable for the acquisition of shares in pursuance of the old rights.

The new rights shall for the purposes of the Scheme be treated as having been granted at the time when the old rights were granted and references to Shares shall, in relation to the new rights, be taken as references to the shares of the company whose shares are scheme shares. References to the Company shall be taken to be references to the company whose shares are scheme shares in Rules 11, 12, 13, 14 and 15(3) and 15(4). The new rights shall not lapse as a result of the operation of Rule 13 following the event permitting the grant of such new rights.

15. ADMINISTRATION

- (1) The Scheme shall be administered by, and any decision concerning the exercise of a discretion conferred on the Directors shall be taken by, the remuneration committee of the Directors, whose decision on any matter concerning the Scheme shall be final and binding.
 - (2) The cost of establishing and operating the Scheme (including but not limited to stamp duty, stamp duty reserve tax and any other costs relating to the issue or transfer of Shares upon the exercise of Options) shall be borne by the Company.
 - (3) The Company shall use reasonable endeavours to ensure that there are sufficient authorised and unissued Shares available to be transferred to Participants to satisfy outstanding Options except to the extent that the Directors are satisfied that the Shares already in issue are or will be available to be transferred to satisfy outstanding Options.
 - (4) All notices under the Scheme shall be in writing. Any notice or other document to be served under the Scheme may be delivered or (if within the United Kingdom) sent by first class recorded delivery post or facsimile process, and if to the Company to its registered office for the time being, and if to a Participant, to the Participant at the address which he shall give to the Company for the purpose or, failing any such address, to his last known place of abode.
 - (5) Any notice or document shall be deemed to have been served:
 - (a) if delivered, at the time of delivery; or
 - (b) if posted, at 10.00 a.m. on the second business day after it was put into the post; or
 - (c) if sent by facsimile process, at the time of despatch.
 - (6) Participation in the Scheme is a matter separate from any contract of employment and any benefit conferred by the Scheme shall not be counted for pension or any other purpose.
 - (7) A Participant shall have no entitlement by way of compensation or damages resulting from the termination of the office or employment by virtue of which he is or may be eligible to participate in, or to exercise options under, the Scheme for the loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed whether the compensation is claimed for wrongful dismissal or otherwise.
-

16. AMENDMENT

- (1) Subject to Rule 16(2) and (3), the Directors may by resolution at any time amend the Scheme in any respect, except that any amendment made when Section A of the Scheme is approved under Schedule 9 shall not have effect without the prior approval of the Inland Revenue.
- (2) Subject to Rule 16(4), the rules of the Scheme may not be amended to the advantage of Participants without the prior approval of the Company in general meeting.
- (3) No amendment shall be made under Rule 16(1) which would abrogate or materially affect adversely the subsisting rights of a Participant unless it is made with his written consent or by a resolution passed as if the Options constituted a separate class of share capital and the provisions of the Articles of Association of the Company and of the Companies Act 1985 relating to class meetings applied to that class *mutatis mutandis*.
- (4) Rule 16(2) shall not apply to any amendment which:
 - (a) is a minor amendment to benefit the administration of the Scheme; or
 - (b) is confined to Options which do not involve the issue of new Shares (including the eligibility requirements and the terms of such Options insofar as they do not involve the issue of new Shares); or
 - (c) is not so confined and:
 - (i) is necessary or desirable in order to obtain or maintain Inland Revenue approval of Section A of the Scheme under Schedule 9 or any other enactment, or to comply with or take account of the provisions of any proposed or existing legislation or of any Inland Revenue practice or concession, or of any regulatory practice or to obtain or maintain favourable taxation treatment of the Company, any member of the Group or any Participant, and
 - (ii) does not affect the basic principles of the Scheme including the limits in Rules 6 and 7(1).

17. DURATION

No Options may be granted under the Scheme more than ten years after the date of adoption of the Scheme by the Company.

SECTION B

1. Except as set out below Section B shall incorporate all the provisions of Section A set out above.
 2. This Section shall not be approved by the Inland Revenue under Schedule 9 to the Income and Corporation Taxes Act 1988 and, accordingly, the definitions of "Relevant Emoluments", "Remuneration", "Revenue Limit" and "Schedule 9" shall not apply and references in the Scheme to these definitions and, in particular, Rule 7(2) of Section A shall have no effect and any provision which would otherwise require Inland Revenue approval to be obtained or otherwise referable solely to Inland Revenue requirements shall not apply.
 3. An Option shall be designated as granted under either Section A or B.
 4. The Directors may determine that any Option granted under Section B and any Shares issuable on the exercise of such Option shall be subject to additional and/or modified terms and conditions, having regard to any securities, exchange control, taxation or regulatory laws, regulations or practice which may have application to the Participant, Company or any Participating Company. In particular the Directors may:
 - (a) require a Participant to make such declarations and take such other action (if any) as may be required under, or as may be expedient or desirable for any purpose of, securities, tax or other law; and
 - (b) adopt supplemental rules governing the granting of Options to, and the exercise of Options by, a Participant as may be required under, or as may be expedient or desirable for any purpose of, local securities, tax or other lawbut any modification and/or the adoption of supplemental rules shall conform with the basic principles of the Scheme and shall not materially advantage Eligible Employees or Participants save for any matter in respect of which an amendment would require shareholder approval under Rule 16(2) of Section A.
 5.
 - (a) If a Participant gives a notice of exercise of an Option a cash sum may be paid to the Participant in lieu of the allotment and issue or transfer of Shares in accordance with Rule 11 of Section A. Such cash sum shall be equal to the amount by which the value of the Shares for which the notice of exercise was given (calculated as the average of, the middle market prices on the London Stock Exchange for the three Dealing Days prior to the date of exercise or, if the Shares are not listed, on such other basis as the Directors determine) exceeds the aggregate Acquisition Price of those Shares. If payment is made pursuant to this clause to a Participant he shall have no further rights in respect of the Shares for which the notice of exercise was given.
 - (b) Any Participating Company shall be entitled to deduct and/or withhold and/or account to the proper authorities for any tax which it is required to deduct and/or withhold and/or account for under any system for deduction of tax at source (such as pay-as-you-earn). The Participating Companies shall ensure that the amount of tax to which this sub-clause applies shall be the amount which is properly attributable to, and does
-

not exceed, the tax liability on the benefit(s) to the Participant from participation in the Scheme.