

KENWOOD APPLIANCES LIMITED  
ARTICLES OF ASSOCIATION  
INDEX

PART 1 - SPECIAL PROVISIONS	<u>Article</u>
Preliminary	1
Share Capital	2
Preference Shares	3
Dividends and Capital	(A)
Redemption	(B)
Voting	(C)
Preference Shareholders' Class Consents	(D)
General	(E)
Preferred Ordinary Shares	4
Dividends and Capital	(A)
Conversion	(B)
Appointment of Directors	(C)
Special Director and Preferred Ordinary	(D)
Shareholder consents	(E)
General	(E)
Ordinary Shares	5
Dividends and Capital	(A)
Ordinary Shareholders Class Consents	(B)
Conversion of "A" Ordinary Shares	(C)
Borrowing Powers	6
Subsidiary Companies	7
Votes of Members	8
Number of Directors	9
Directors' Fees	10
Age of Directors	11
Directors' Shareholding Qualification	12
Disqualification of Directors	13
Provision for Employees	14
Acquisition of Control	15
 PART II - GENERAL PROVISIONS	
Private Company	16
Share Rights	17
	18
Modification of Rights	19-20
Shares	21-26
Notices	27
Resolutions	28-29
Transfers - General	30



PART 1 - SPECIAL PROVISIONS (continued)

Article

Transfer to Trustees, Nominees, Associated Companies & Other Third Parties	31	(A)
Transfer by Ordinary & Preferred Ordinary Shareholders - Pre-emption Rights	31	(B)
Deemed Sale Notice	31	(C)
Transfer - Preference Shares	31	(D)
Proceedings at General Meetings	32-36	
Directors	37-41	
Dividends	42	
Reserves	43	
Capitalisation of Profits	44-45	

COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

- of -

KENWOOD APPLIANCES LIMITED

(adopted on 7th September 1989  
as amended by Special Resolution  
passed on 5th October 1990)

PART I

SPECIAL PROVISIONS

PRELIMINARY

1. (A) The headings shall not affect the construction hereof and, in the interpretation of these Articles, unless there be something in the subject or context inconsistent therewith, the following words and expressions shall bear the meanings following:-

"the Act"

the Companies Act, 1985 and every statutory modification or re-enactment thereof for the time being in force;

"Adjusted Profits"

in relation to any financial period, a sum equal to the consolidated profit (or, as the case may be, loss) of the Company and its subsidiaries for that financial period as disclosed in the audited consolidated profit and loss account of the Company and its subsidiaries for such financial period after taking account of all interest payments made or received and:-

(a) before any provision or reserve shall have been made for or in respect of:-

(i) any extraordinary items which reduce the said profit or consolidated profit in the financial year in question;

(ii) corporation tax (or any other tax levied upon or measured by reference to profits or gains) on the profits earned and gains realised by the Company and its subsidiaries in the financial year in question;

(iii) the payment of any dividend or other distribution on or in respect of the Company or of any of its subsidiaries or the transfer of any sum to Reserves;

(b) before any credit shall have been taken for any extraordinary items which increase the said profit or consolidated profit in the financial year in question; and

(c) after taking account of minority interests;

(d) and after adding back the amount of any item referred to in the letter from Grant Thornton to Candover dated the same date as the adoption of these Articles headed "Letter of Understanding" to the extent that any such item has been reflected in the Adjusted Profits;

"Acquisition Agreement"

the agreement so defined in the Subscription Agreement;

"Approved Options"

options to subscribe for Ordinary Shares proposed to be granted to executives of the Company and its subsidiaries under an employee share option scheme in a form approved pursuant to the Subscription Agreement;

"Board"

the board of directors of the Company from time to time;

"the Chairman"

the Chairman of the Board from time to time;

"Candover"

Candover Investments plc of Cedric House, 8-9 East Harding Street, London EC4A 3AS;

"the Committee"

the Committee established pursuant to Article 41(B);

"EBT"

a trust in a form approved by the Committee established for the purpose of allowing employees of the Company or any of its subsidiaries to acquire Shares;

"Executive Director"

a director of the Company who is a full time employee of the Company or of one of its subsidiaries;

"Financing Documents"

(a) the Agreement between (1) the Company (2) Tangodawn Limited and Scoopmark Limited (3) National Westminster Bank PLC and others and (4) National Westminster Bank PLC as Agent dated on the date of adoption of these Articles and the security documents relating thereto and (b) the Agreement between (1) the Company (2) Tangodawn Limited and Scoopmark Limited (3) National Westminster Bank PLC and others and (4) National Westminster Bank PLC as Agent and the security documents relating thereto;

"the Group"

the Company and any company which is a subsidiary of the Company, a holding company (as defined in section 736 of the Act) of the Company or a subsidiary of such holding company;

"Issue Price"

the aggregate of the amount paid up or credited as paid up and any amounts credited to share premium account on any Share in the case of the 'A' Ordinary Shares being deemed to be the nominal value of such Shares;

"Listing"

the inclusion of any part of the ordinary share capital of the Company in the Official List of The Stock Exchange or the grant of permission to deal in the same in the Unlisted Securities Market or on any recognised investment exchange (as that term is used in the Financial Services Act 1986) or in or on any exchange or market replacing the same;

"Listing Date"

the date of publication of listing particulars (as defined in Section 144(2) of the Financial Services Act 1986) or of a prospectus (as that term is used in the Act) or (when in force) Part V of the Financial Services Act 1986 published in connection with the admission to dealings on a recognised investment exchange (as that term is used in the Financial Services Act 1986) which, in either case,

are published in connection with a Listing of ordinary shares in the Company;

"Market Capitalisation"

in the case of a Listing the amount equal to the price per share (expressed in £ and pence) at which ordinary shares in the Company are sold or offered to be sold or are to be sold at a Listing Date and in connection with Listing (which in the case of an offer for sale, shall be the underwritten price or, if applicable, the minimum tender price; and which in the case of a placing, shall be the price at which ordinary shares are sold to the public under the placing) multiplied by the number of ordinary shares in the Company for which Listing is sought (excluding any such ordinary shares issued for the purpose of raising money for the Company); or (in the case of a Sale) the aggregate price agreed to be paid and subsequently paid by any person firm or company pursuant to an offer or agreement to acquire the whole of the ordinary share capital of the Company (which offer or agreement shall have been accepted by or made with in the case of an agreement the holders of the whole of such ordinary share capital or, in the case of an offer, with the holders of not less than 90 per cent. of such ordinary share capital) and so that if any part of the price is not payable in cash or is a variable amount the value thereof shall be determined by the auditors for the time being of the Company acting as experts and not as arbitrators and so that Market Capitalisation shall be determined after redemption in full of the Preference Shares and for the avoidance of doubt after repayment of, or after making full provision for, all debt arising pursuant to the Financing Documents;

"Managers"

any of the Managers as defined in the Subscription Agreement;

"Member"

any holder for the time being of Shares;

"New Qualifying Shareholders"

the EBT or such person or persons as shall be employed by the Company or any of its subsidiaries by way of replacement for a Retiring Shareholder (as defined in Article 31(B)) and such other executive

	employees of the Company and its subsidiaries as the Board (with the consent of the Committee may determine;
"PBIT"	in relation to any financial period a sum equal to the amount of the Adjusted Profits for that period after adding back the amount of interest payable by the Company and its subsidiaries pursuant to the Financing Documents (and deducting any interest receivable) as shown in the audited consolidated profit and loss account of the Company and its subsidiaries for such period;
"Ordinary Share Capital"	the Preferred Ordinary Shares and the Ordinary Shares;
"Ordinary Shares"	together the Ordinary Shares of 10p each and the Convertible 'A' Ordinary Shares of 10p each in the capital of the Company unless otherwise expressly provided;
"Ordinary Shareholders"	the holders for the time being of the Ordinary Shares in the capital of the Company;
"'A' Ordinary Shares"	the Convertible 'A' Ordinary Shares of 10p each in the capital of the Company;
"Preference Shareholders"	the holders for the time being of the Preference Shares;
"Preference Shares"	the Cumulative Redeemable Preference Shares of £1 each in the capital of the Company;
"Preferred Ordinary Shareholders"	the holders for the time being of the Preferred Ordinary Shares;
"Preferred Ordinary Shares"	the Cumulative Convertible Participating Preferred Ordinary Shares of 10p each in the capital of the Company;
"Publication Date"	the earlier of:- (a) a Listing Date; (b) a Sale Date; (c) 31st March 1993;
"Sale"	the acceptance of an offer or the making of an agreement satisfying the requirements of Article 15(a) and (c) (if applicable) whereunder any person firm or

company is or becomes unconditionally bound to acquire in the case of an offer not less than 90%, and in the case of an agreement, the whole of the Ordinary Share Capital of the Company;

"Sale Date"

the date of a Sale;

"Shares"

the Ordinary Shares, the Preference Shares and the Preferred Ordinary Shares for the time being in the capital of the Company;

"Special Directors"

the Special Directors to be appointed pursuant to Article 4(C);

"The Stock Exchange"

The International Stock Exchange of the United Kingdom and Republic of Ireland Limited;

"Subscription Agreement"

the agreement entered into on the date of adoption of these Articles between (1) the Company (2) T. Parker and others and (3) Candover Investments plc and others together with any agreement supplemental thereto;

"Thorn Option"

the option agreement dated the same date as the adoption of these Articles between (1) the Company and (2) Thorn EMI plc;

"subsidiaries"

the subsidiaries of the Company from time to time (as defined in Section 736 of the Act);

"Table A"

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

"Warrants Instrument"

the warrant instrument relating to the creation of 15,000 Warrants executed on the date of adoption of these Articles;

"the Warrants"

the Warrants to subscribe for Ordinary Shares to be granted by the Company to National Westminster Bank PLC or as it may direct pursuant to the Warrants Instrument.

Words importing the singular number also include the plural number and vice versa.

Words importing the masculine gender also include the feminine gender.



References to persons shall include bodies corporate, unincorporated associations and partnerships.

Words and expressions defined elsewhere in these Articles shall bear the meaning thereby ascribed to them.

Words and expressions defined in the Act shall, unless the context otherwise requires, have the same meaning in these Articles.

Reference to any Act or section or part of or Schedule to any Act shall include any Act or provisions amending or replacing the same.

(B) The Regulations contained in Table A shall apply to the Company save in so far as they are excluded or modified hereby. The Regulations contained in Table A numbered 24, 41, 54, 64, 65-69, 73-76, 81, 84, 88, 102 and 110 shall not apply, but subject as aforesaid, the following shall be the Articles of Association of the Company.

#### SHARE CAPITAL

2. The authorised share capital of the Company at the date of the adoption of these Articles is £15,155,486.10 divided into 15,000,000 Cumulative Redeemable Preference Shares of £1 each ("the Preference Shares"), 1,000,000 Cumulative Convertible Participating Preferred Ordinary Shares of 10p each ("the Preferred Ordinary Shares") 111,111 Convertible 'A' Ordinary Shares of 10p each ("the 'A' Ordinary Shares") and 443,750 Ordinary Shares of 10p each ("the Ordinary Shares").

Save as expressly set out in these Articles the Ordinary Shares and the 'A' Ordinary Shares shall rank pari passu in all respects as one class of share.

#### PREFERENCE SHARES

3. The rights attaching to the Preference Shares are as follows:-

##### (A) Dividends and Capital

- (1) To the extent that payment thereof out of profits would be lawful and subject to the Financing Documents the holders of the Preference Shares shall be entitled to receive, in priority to the holders of any other class of share, and the Company shall pay in respect of the periods set out below a fixed cumulative preferential dividend ("the Preference Dividend") at the rate of 7 per cent. per annum of the Issue Price of such share (exclusive of the associated tax credit) in respect of each Preference Share.

The Preference Dividend in respect of each such share shall, subject as provided in Article 3(B)(8), accrue on a daily basis and shall be paid by two equal instalments (exclusive as aforesaid) on 1st April (in respect of the six calendar months ending on that date) and 1st October (in respect of the six calendar months ending on that date) in each year, the first such payment being made on 1st April 1990 and calculated in respect of the period from the date of issue of the Preference Share until 1st April 1990.

The Preference Dividend shall, ipso facto and without any resolution of the Board or the Company in general meeting (and notwithstanding any regulation in Table A or regulation 42 of these Articles) become a debt due from and immediately payable by the Company on each 1st April and 1st October to the Preference Shareholders.

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

(B) Redemption

- (1) Subject to the provisions of the Act the Company shall have the right to redeem all or any of the Preference Shares for the time being outstanding and fully paid upon giving to the holders of such of the Preference Shares as are to be redeemed not less than three months previous notice in writing of its intention in that behalf expiring at any time. Any Preference Shares to be so redeemed shall be selected as nearly as may be to ensure that the number of Preference Shares held by each holder is reduced in the same proportion.
- (2) Any notice of redemption shall specify the particular Preference Shares to be redeemed, the date fixed for redemption ("the Redemption Date") and the place at which the certificates for such shares are to be presented for redemption and upon such date each of the holders of the shares concerned shall be bound to deliver to the Company at such place the certificates for such of the shares concerned as are held by him in order that the same may be cancelled or an indemnity in a form reasonably satisfactory to the Board in respect of any lost certificate. Upon such delivery the Company shall pay to the holder (or, in the case of joint holders, to the holder whose name stands first in the Register of Members of the Company in respect of such shares) the amount due to him in respect of such redemption as set out in paragraph (3) below against the delivery of a proper receipt for the redemption moneys payable in respect thereof. If any certificate so delivered to the Company includes any Preference Shares not falling to be redeemed on the relevant Redemption Date a fresh certificate for such Preference Shares shall be issued to the holder or holders delivering such certificate to the Company as soon as practicable thereafter and in any event within 14 days thereafter.

- (3) There shall be paid on the redemption of each Preference Share an amount equal to the Issue Price thereof together with all arrears and accruals of the Preference Dividend payable thereon (whether earned or declared or not) calculated up to and including the Redemption Date.
- (4) Provided that the Preference Dividend has been paid in full up to and including the last half-yearly date fixed for payment, the Company may seek to redeem all or any of the Preference Shares at any time by tender available to all holders of the Preference Shares alike at any price. All Preference Shares so redeemed will be cancelled and may not be re-issued.
- (5) Subject as set out in sub-paragraph (7) below and subject to the Financing Documents one fifth in number of the Preference Shares not previously redeemed shall be redeemed on 1st June 1994 at an amount equal to the Issue Price of such Preference Shares together with all arrears and accruals of the Preference Dividend payable thereon (whether earned or declared or not) calculated up to and including the date fixed for redemption (which date is also herein referred to as a "Redemption Date"). The Company shall give notice in writing of such redemption in the manner prescribed in paragraph (1) above and the provisions of paragraph (2) above shall, mutatis mutandis, apply to any redemption effected by the Company pursuant to this paragraph.
- (6) The provisions of paragraph (5) above shall, mutatis mutandis, apply so that subject to the Financing Documents:-
- (a) one quarter in number of the Preference Shares not previously redeemed shall be redeemed on 1st June 1995;
  - (b) one third in number of the Preference Shares not previously redeemed shall be redeemed on 1st June 1996;
  - (c) one half in number of the Preference Shares not previously redeemed shall be redeemed on 1st June 1997; and
  - (d) all of the remaining Preference Shares not previously redeemed shall be redeemed on 1st June 1998.
- (7) In the event of a Listing or if the event referred to in Article 15(b) occurs, all of the Preference Shares not previously redeemed shall subject to the Financing Documents be redeemed forthwith at an amount equal to the Issue Price of such Preference Shares together with all arrears and accruals of the Preference Dividend payable thereon (whether earned or declared or not) calculated up to and including the date of redemption.
- (8) As from any relevant Redemption Date the Preference Dividend in respect of any Preference Shares falling to be redeemed on such date shall cease to accrue except on or in relation to any Preference Share in respect of which on due presentation of the certificate relating thereto or an indemnity in a form reasonably

satisfactory to the Board in respect of a lost Certificate payment of the redemption monies (and arrears of Preference Dividend) is refused.

(C) Voting

The holders of the Preference Shares shall have the right to receive notice of all General Meetings of the Company but shall have no right to attend or vote thereat either in person or by proxy by virtue or in respect of their holdings of Preference Shares unless:-

- (1) at the date of the notice convening the meeting any Preference Dividend or any part thereof shall be more than nine months in arrears by reference to the payment dates specified in Article 3(A)(1) above (whether or not by reason of any provision in the Financing Documents); or
- (2) the Company shall have failed or be unable to redeem the relevant proportion of the Preference Shares not previously redeemed on the relevant date specified in paragraphs (B)(5) or (B) (6) above or shall fail or be unable to redeem (whether or not by reason of any provision in the Financing Documents) all of the Preference Shares not previously redeemed forthwith upon the happening of any of the events specified in paragraph (B)(7) above; or
- (3) the business of the meeting includes a resolution for the liquidation of the Company, a reduction of the capital of the Company or a resolution adversely altering or abrogating any of the special rights and privileges attaching to the Preference Shares;

in which event the holders of Preference Shares shall be entitled to vote on a poll (in accordance with the provisions of Article 8) provided that in the case of paragraph (3) above the holders of Preference Shares shall be entitled to vote only on any such resolution. For the avoidance of doubt holders of the Preference Shares shall only be entitled to vote as such pursuant to paragraph (2) above for so long as any relevant Preference Shares shall remain unredeemed.

(D) Preference Shareholders' Class Consents

Without prejudice to the restrictions contained in these Articles as to the modification of the rights attached to classes of shares, the consent or sanction of the holders of the Preference Shares (given in accordance with the provisions of Article 19 of Part II of these Articles) shall be required:-

- (1) to the creation allotment or issue of any shares or securities by the Company ranking as regards the final date of redemption or participation in the profits or assets of the Company in priority to or pari passu with the Preference Shares or to the grant of any right to require the allotment or issue of the same (other than the creation, allotment or

issue of any shares or securities on the date of adoption of these Articles);

- (2) to amend the provisions of this Article 3 or Article 6;
- (3) to the payment of any dividend to the holders of the Preferred Ordinary Shares or the Ordinary Shares after the Company shall have failed or shall have been unable to redeem the relevant proportion of the Preference Shares not previously redeemed on the relevant date specified in paragraphs (B)(5) or (B)(6) of this Article or shall have failed or shall have been unable to redeem all of the Preference Shares not previously redeemed forthwith upon the happening of any of the events specified in paragraph (B)(7) of this Article PROVIDED ALWAYS that such consent or sanction shall only be required whilst any relevant Preference Shares remain so unredeemed.

#### PREFERRED ORDINARY SHARES

4. The rights attaching to the Preferred Ordinary Shares are as follows:-

##### (A) Dividends and Capital

- (1) To the extent that payment thereof out of profits would be lawful, and subject to the Financing Documents the holders of the Preferred Ordinary Shares shall be entitled prior to the conversion thereof to receive and the Company shall pay after payment of all Preference Dividends (including all arrears thereof, whether earned or declared or not) but otherwise in priority to the holders of any other class of share a cumulative participating preferential dividend ("the Participating Dividend") in respect of each financial year of the Company in the manner provided and in an amount calculated in accordance with paragraph (2) below.
- (2) Subject as herein provided, the Participating Dividend payable on each Preferred Ordinary Share shall be paid in part as an interim dividend on 1st April in each year (in respect of the financial half-year ending on the immediately preceding 31st March) (the first such payment being made on 1st April 1990) in an amount (exclusive of associated tax credit) equal to 5 per cent. of the Issue Price of such Preferred Ordinary Share and as to the balance as a final (or second interim) dividend (in respect of the financial year ending on the immediately preceding 30th September) payable on the date being fourteen days after the Annual General Meeting of the Company at which the audited consolidated accounts of the Company and its subsidiaries are laid before Members in respect of the preceding financial period (the first such payment being made following the Annual General Meeting of the Company in respect of the financial year ending 30th September 1990) in an amount (exclusive of associated tax credit) equal to the greater of:-
  - (a) an amount equal to 10 per cent. of the Issue Price of such Preferred Ordinary Share; and

- (b) an amount equal to 5 per cent. of the Adjusted Profits for the previous financial year divided by the number of Preferred Ordinary Shares in issue;

less (in either case):-

an amount equal to 5 per cent. of the Issue Price of such Preferred Ordinary Share (or such lesser amount as shall actually have been paid by way of interim dividend for such year).

The Participating Dividend shall accrue on a daily basis and that part of the Participating Dividend due on 1st April 1990 shall be paid on that date in respect of the period from the date of issue of the Preferred Ordinary Shares until 31st March 1990.

- (3) Each holder of Preferred Ordinary Shares shall be entitled prior to the conversion thereof (or, if earlier, the Publication Date) to receive out of the assets of the Company available for distribution amongst the Members in a winding up of the Company or other return of capital by the Company:-
- (a) after payment to the holders of the Preference Shares of the Issue Prices thereof (together with all arrears and accruals of the Preference Dividend (whether earned or declared or not) up to the relevant date specified in Article 3(A)(2) hereof) but otherwise in priority to the holders of any other class of share, an amount in respect of each Preferred Ordinary Share held equal to the Issue Price thereof together with all arrears and accruals of the Participating Dividend payable thereon (whether earned or not) calculated up to and including the date of the resolution for the winding up of the Company or (as the case may be) the date of the order of the Court for such winding up or (in the case of any other return of capital by the Company) the date on which the distribution, transfer or other payment in respect of such return of capital is made; and
- (b) after payment to the holders of the Preference Shares and the Preferred Ordinary Shares of the amounts respectively specified in paragraph (a) above and after payment to the holders of the Ordinary Shares first of amounts in respect of each Ordinary Share equal to the Issue Price of such Ordinary Share and thereafter in respect of each Ordinary Share in respect of which less than the maximum Issue Price applicable to any Ordinary Share has been paid, an amount equal to the difference between the respective Issue Prices thereof and the maximum issue price aforesaid, a proportion of the balance of such assets equal to the proportion that the aggregate nominal value of the Preferred Ordinary Shares of such holder bears to the aggregate nominal value of all the Preferred Ordinary Shares and Ordinary Shares then in issue.
- (4) Following the Publication Date until conversion of all of the Preferred Ordinary Shares, each holder of Preferred Ordinary Shares shall be entitled to receive, in a winding up of the

Company or other return of capital by the Company and after payment to the holders of the Preference Shares of the Issue Prices thereof together with all arrears and accruals of the fixed Preference Dividend payable thereon (whether earned or declared or not) up to the relevant date specified in Article 3(A)(2) hereof, a proportion of the assets of the Company remaining available for distribution amongst the Members (after payment to the holders of the Preferred Ordinary Shares and the Ordinary Shares first of the respective Issue Prices thereof and thereafter in respect of each Preferred Ordinary Share and Ordinary Share in respect of which less than the maximum Issue Price applicable to any Preferred Ordinary Share or Ordinary Share (as appropriate) has been paid, an amount equal to the difference between the respective Issue Prices thereof and the applicable maximum Issue Price aforesaid) equal to the proportion that the nominal amount paid up or credited as paid up on the Ordinary Shares which such holder would have held had he exercised his conversion rights in full on the Publication Date bears to the nominal amount paid up or credited as paid up on all the Ordinary Shares which would have been in issue had all conversion rights attaching to all classes of shares been exercised in full on the Publication Date.

(B) Conversion

- (1) All the Preferred Ordinary Shares shall automatically be converted on but immediately prior to, a Sale or Listing into the appropriate number of Ordinary Shares (calculated as provided below).
- (2) The Company shall on, but immediately prior to, a Sale or Listing effect conversion of the Preferred Ordinary Shares on the basis hereinafter described and despatch certificates for the shares arising on conversion. Upon the issue of such share certificates for the shares arising on conversion the certificates for the Preferred Ordinary Shares shall be deemed to be cancelled and of no further effect or value. The date at which such conversion is effected is referred to herein as "the Conversion Date".
- (3) The number of Ordinary Shares arising on conversion of the Preferred Ordinary Shares or to be allotted credited as fully paid in respect of the Preferred Ordinary Shares shall be ascertained by application of the formula;

$$\frac{277,778}{K\%} \times Y\%$$

where:-

- (i) K is determined in accordance with sub-paragraph (4) below; and
- (ii) Y is equal to  $92 - (K + W)$ ; and
- (iii) W is equal to that number which, when expressed as a percentage, would be equal to the percentage of the Ordinary

Shares (determined in accordance with the terms of each of the Warrants) to which the holders of all of the Warrants would be entitled upon exercise of the Warrants;

and by apportioning the resultant figure as ~~amongst~~ as practicable pro rata amongst all the Preferred Ordinary Shareholders according to the number of Preferred Ordinary Shares held by them at the Publication Date, and on the assumption that a notice of conversion had been given in respect of all the Preferred Ordinary Shares then in issue.

- (4) (A) For the purposes of these Articles, K (which shall be calculated to two decimal places) shall be ascertained as follows:-

- (a) in the case of the Publication Date being prior to 30th September 1990:-

$$K = 20;$$

- (b) in any other case K shall be determined by the application of whichever is the applicable of the following formulae:-

Formula A

$$K = 20 + \left[ \frac{17 \times (T - A)}{(B - A)} \right]; \text{ or}$$

Formula B

$$K = 37 + \left[ \frac{13 \times (T - A)}{(B - A)} \right]$$

so that:-

- (1) subject to paragraph (2) below, in the case of a Sale or Listing on or prior to 31st March 1993:-

- (i) T equals Market Capitalisation at a Sale Date or Listing Date on or prior to 31st March 1993; and
- (ii) if the amount of Market Capitalisation on such a Sale Date or Listing Date falls between the amounts in columns (2) and (3) of Table 1 set out opposite the period in column (1) during which such Sale Date or Listing Date arises A and B shall be equal to the amounts specified respectively in columns (2) and (3) of Table 1 set out opposite the relevant period in column (1) of Table 1 and Formula A shall be the applicable formula; and
- (iii) if the amount of Market Capitalisation on such a Sale Date or Listing Date falls between the



amounts in columns (2) and (3) of Table 2 set out opposite the period in column (1) of Table 2 during which such Sale Date or Listing Date arises A and B shall be equal to the amounts specified respectively in columns (2) and (3) of Table 2 set out opposite the relevant period in column (1) of Table 2 and Formula B shall be applicable;

- (iv) if the amount of Market Capitalisation on such a Sale Date or Listing Date falls short of the relevant amounts in column (2) of Table 1 or exceeds the relevant amounts in column (3) of Table 2 K shall equal 20 and 50 respectively.
- (2) (A) subject always to sub-paragraph (2)(B) below, in the event of a Sale or Listing after the date on which the audited consolidated accounts of the Company and its subsidiaries are laid before shareholders for the financial period ending 30th September 1992 ("the 1992 Accounts Date"):-
  - (i) T shall equal the aggregate amount of the PBIT for the three financial periods ending on 30th September 1992; and
  - (ii) A and B shall be equal to the amounts specified in the relevant columns of Table 3 below; and
  - (iii) if the amount of such aggregate PBIT falls between £20,215,200 and £33,692,000 Formula A shall be the applicable formula; and
  - (iv) if the amount of such aggregate PBIT exceeds £33,692,000 but is equal to or less than £42,115,000 Formula B shall be the applicable formula.
- (B) in the event of a Sale or Listing after the 1992 Accounts Date then:-
  - (i) if the amount of such aggregate PBIT is less than £20,215,200 K shall equal 20; and
  - (ii) if the amount of such aggregate PBIT equals or exceeds £42,115,000 K shall equal 50.

PROVIDED ALWAYS THAT in the event of a Sale or Listing after the 1992 Accounts Date but prior to 31st March 1993 K shall be determined in accordance with whichever of paragraph (A)(b)(1) above or this paragraph (4)(A)(b)(2) gives rise to a greater value for K.

Table 1

(1) <u>Sale Date or Listing Date</u>	(2) <u>A</u>	(3) <u>B</u>
1st October 1990 - 31st March 1991	£ 9,000,000	£18,000,000
1st April 1991 - 30th September 1991	£12 500,000	£25,000,000
1st October 1991 - 31st March 1992	£16,000,000	£34,000,000
1st April 1992 - 30th September 1992	£20,500,000	£44,000,000
1st October 1992 - 31st March 1993	£25,000,000	£56,000,000

Table 2

(1) <u>Sale Date or Listing Date</u>	(2) <u>A</u>	(3) <u>B</u>
1st October 1990 - 31st March 1991	£18,000,000	£29,000,000
1st April 1991 - 30th September 1991	£25,000,000	£41,000,000
1st October 1991 - 31st March 1992	£34,000,000	£56,000,000
1st April 1992 - 30th September 1992	£44,000,000	£75,000,000
1st October 1992 - 31st March 1993	£56,000,000	£97,000,000

Table 3

	(1) T between £20,215,200 and £33,692,000	(2) T between £33,692,000 and £42,115,000	(3) T exceeds £42,115,000
A	20,215,200	33,692,000	42,115,000
B	33,692,000	42,115,000	42,115,000

- (5) (a) Conversion of the Preferred Ordinary Shares into the number of Ordinary Shares specified in Article 4(B)(3) may be effected in such manner as the Board shall from time to time determine (subject to the provisions of the Act), including by conversion of the appropriate number of such shares into Ordinary Shares and the balance (if any) into deferred shares having attached thereto such deferred rights as the Board may determine or by redemption, and the Members shall take all such steps and do all such acts (including the passing of any resolutions at General Meetings of the Company or of any class of shares) as shall be necessary or desirable to give effect to the Board's decision.

- (b) In the case of a conversion effected by means of a redemption the Board may effect redemption of the relevant Preferred Ordinary Shares out of profits of the Company which would otherwise be available for distribution, out of the proceeds of a fresh issue of Shares made for the purpose of such redemption or in any other manner for the time being permitted by law. In the case of redemption out of such profits the Board shall apply all of the redemption moneys in the name of the holder of the Preferred Ordinary Shares to be converted in subscribing for the appropriate nominal amount of fully paid Ordinary Shares at such premium (if any) as shall represent the amount by which the redemption moneys exceed the nominal amount of the Ordinary Shares to be subscribed. In case of redemption out of the proceeds of a fresh issue of Shares the Board may arrange for the issue of the appropriate nominal amount of Ordinary Shares to some person selected by the Board on terms that such person will (as agent for the holder of the relevant Preferred Ordinary Shares):-
- (i) subscribe for Ordinary Shares at par or at such premium as shall be necessary to provide the redemption moneys for redemption; and
  - (ii) renounce the allotment of the Ordinary Shares in favour of the holder of the Preferred Ordinary Shares against payment to such subscriber by the Company of the redemption moneys in respect of the Preferred Ordinary Shares to be redeemed, Provided that on conversion fractions of Ordinary Shares will not be allotted but will be aggregated and sold at the best price reasonably obtainable and the net proceeds distributed pro rata among the persons entitled thereto.
- (6) The Participating Dividend on the Preferred Ordinary Shares which are converted shall cease to be payable with effect from the Conversion Date and upon conversion there shall be paid subject to the Financing Documents a pro rata amount of the Participating Dividend up to the Conversion Date together with any arrears or deficiency in payment of the Participating Dividend and any interest thereon. In the event that the Company is unable to pay such amounts then such amounts shall remain due and owing to those Preferred Ordinary Shareholders whose Preferred Ordinary Shares have converted. The Ordinary Shares resulting from conversion shall carry the right to receive all dividends and other distributions declared made or paid in respect of the Ordinary Share capital of the Company by reference to a record date on or after the Conversion Date.
- (7) The certificate of the auditors of the Company (acting as experts and not as arbitrators) as to the number of Ordinary Shares arising upon conversion of any Preferred Ordinary Shares shall (save in the case of manifest error) be conclusive and binding on the Company and its members.

(C) Appointment of Directors

For so long as Candover or any of its subsidiaries or any limited partnership comprised in the investment fund known as Candover 1989 Fund holds any shares, Candover Partners Limited on behalf of Candover 1989 U.S. Limited Partnership, Candover 1989 U.K. Limited Partnership, Candover 1989 Japanese Limited Partnership, Candover 1989 Lead Investors Limited Partnership, Candover 1989 U.S. (No. 2) Limited Partnership and Candover 1989 U.K. (No. 2) Limited Partnership or any of them (for so long as Candover Partners Limited is a subsidiary of Candover and thereafter the general partner in any such limited partnership) and thereafter the holders of a majority in nominal amount of the Preferred Ordinary Shares shall be entitled to appoint and remove two Non Executive Directors who shall be Special Directors and one of whom shall be the Chairman of the Company. Such appointment or removal shall be made by notice in writing served upon the Company at its registered office. Any director appointed pursuant to this paragraph (C) shall have the right to be appointed as a non-executive director of each Subsidiary of the Company. For the avoidance of doubt there shall be no more than two Special Directors appointed pursuant to the provisions of this paragraph holding office at any time.

(D) Special Directors Consents and Preferred Ordinary Shareholder Consents

The matters contained in paragraphs (12) to (19) inclusive of this sub-clause shall not be carried out by the Board or the Company or any subsidiary of the Company without the prior written approval of the Special Directors; such approval may be given in writing at the appropriate board meeting. Without prejudice to the restrictions contained in these Articles as to the modification of the rights attached to classes of shares the prior consent or sanction of the Preferred Ordinary Shareholders (given in accordance with the provisions of Article 19 of Part II of these Articles) shall be required to the matters set out in paragraphs (1) to (11) inclusive save as may be necessary to effect conversion of the Preferred Ordinary Shares and 'A' Ordinary Shares pursuant to these Articles and, if there are no Special Directors, to the matters contained in paragraphs (12) to (19) inclusive:-

- (1) to the creation allotment or issue of any shares or securities by the Company or to the grant of any right to require the allotment or issue of any such shares or securities (other than pursuant to the Subscription Agreement, Warrants Instrument, Thorn Option and save for the grant of Approved Options to such persons who are approved by the Committee in accordance with the Subscription Agreement and the allotment and issue of shares pursuant to the exercise of such options);
- (2) to participate in any transaction (after the date of the adoption of these Articles) which, if the Company were listed

on the Stock Exchange, would constitute a transaction falling within Class 1 as defined for the purposes of the regulations of The Stock Exchange concerning acquisitions and realisations of assets by listed companies and their subsidiaries;

- (3) to increase, reduce, repay, purchase or repurchase, subdivide, consolidate or otherwise vary the share capital of the Company or reduce the amount, if any, standing to the credit of the share premium account or capital redemption reserve fund except as expressly provided in or permitted by these Articles (other than pursuant to the Subscription Agreement, Thorn Option and Warrant Instrument) and save for the granting of Approved Options to such persons who are approved by the Committee in accordance with the Subscription Agreement and the allotment and issue of shares pursuant to the exercise of such options;
- (4) to make any change in the nature of its business, or to permit the making of any change in the nature of the business of any subsidiary of the Company, as at the date of adoption of these Articles of Association or, in the case of a subsidiary acquired thereafter, as at the date of such acquisition, which change (in each case) would be material in the context of the Company and its subsidiaries as a group;
- (5) to amend any provision of the Memorandum or Articles of Association of the Company;
- (6) to lend money (except in the ordinary course of its business or to a wholly-owned subsidiary for use in the ordinary course of trading);
- (7) to a Sale or a Listing;
- (8) to register any transfer of any Preferred Ordinary Shares or Ordinary Shares in favour of any person firm or company (whether or not a Member of the Company on the date of adoption of these Articles) ("the transferee") or the nominee or nominees of such transferee if such transferee together with connected persons or persons acting in concert (if any) would thereby acquire or already holds 30 per cent. or more in aggregate of the Preferred Ordinary Shares and the Ordinary Shares of the Company then in issue. For this purpose, the expression "connected persons" shall have the meaning given to that expression in Section 839 of the Income and Corporation Taxes Act 1988 and "acting in concert" shall have the meaning ascribed thereto by The City Code on Takeovers and Mergers;
- (9) (a) to register any transfer of any Preferred Ordinary Shares or Ordinary Shares in favour of any person, firm or company (whether or not a Member at the date of adoption of these Articles) ("the transferee") or the nominee or nominees of such transferee if such transferee together with connected persons (if any)

would thereby acquire or already holds 25 per cent. or more in nominal value of the Preferred Ordinary Shares or Ordinary Shares then in issue (as the case may be); and

- (b) for these purposes, the expression "connected persons" shall have the meaning ascribed to that expression in Section 839 of the Income and Corporate Taxes Act 1988;
- (10) to any change in the accounting reference date of the Company or any subsidiary;
- (11) to declare make or pay any dividend or other distribution to the holders of the Ordinary Shares before the Publication Date and thereafter otherwise than in accordance with Article 5(A)(1);
- (12) any alteration to the terms of any employment contract or any contract of service or Service Agreement or any increase in or variation in the basis of calculation of the remuneration (including any salary, fee, bonus or commission entitlement or arrangement or pension contribution but excluding increases arising by reason of contractual entitlement) of any Ordinary Shareholder who is a Director or of any person who is a connected person to such Ordinary Shareholder (for this purpose "connected person" shall have the meaning contained in Section 839 Income and Corporation Taxes Act 1988);
- (13) the appointment to or removal (other than a removal under Article 39 or Article 4(C)) from office of any Director of the Company and the appointment or termination of employment of any employee from time to time of the Company or any of its subsidiaries whose remuneration (including pension contributions) is or is to be in excess of £30,000 per annum;
- (14) after the date of the adoption of these Articles other than in the ordinary course of trading, any acquisition or disposal (including any purchase, sale, transfer, lease, licence, hire purchase or otherwise howsoever) of any asset (excluding any acquisition or disposal of a Company or undertaking (or part thereof) which shall be governed by paragraph (2) above) of the Company or any of its subsidiaries for a consideration or having a value:-
  - (i) of more than £250,000; and
  - (ii) of more than £50,000 but equal to or less than £250,000 if to proceed with such acquisition or disposal would cause the aggregate of the consideration or values of such items so acquired or disposed of during the then current financial period of the Company to exceed £500,000;
- (15) after the date of adoption of these Articles enter into any agreement or commitment or vary any agreement or commitment

(excluding for the purposes of this paragraph any agreement or commitment of a type contemplated by paragraph (14) above (whether or not the consideration or value concerned is sufficient for the agreement or commitment to fall within paragraph (14))) or to acquire or dispose of the whole or any part of any undertaking or to acquire or dispose of any shares in the capital of any company where such agreement, commitment, acquisition or disposal is material in the context of the Company and its subsidiaries taken as a group;

- (16) the adoption of a consolidated budget (which shall be prepared by the Executive Directors in relation to each financial year of the Company, which shall indicate the amount and nature of revenue and capital expenditure proposed to be incurred by the Company and its subsidiaries during such year, and shall be accompanied by a profit and loss budget and cash forecast or projection of the appropriate periods over the ensuing financial year and a forecast year end balance sheet of the Company and its subsidiaries);
- (17) after the date of the adoption of these Articles the undertaking or entering into of any transaction of any nature whatsoever otherwise than by way of bargain at arms length and upon normal commercial terms or otherwise than in the normal course of business of the Company and its subsidiaries (including any transaction which, if the Company were listed on The Stock Exchange, would constitute a transaction falling within Class 4 as defined from time to time for the purposes of the regulations of The Stock Exchange);
- (18) to any change in accounting policies or principles save as may be required from time to time to comply with changes in the law or with Statements of Standard Accounting Practice or made with the prior approval of the auditors of the Company;
- (19) any alteration of the terms of the EBT such that any person who is not a full time director or employee of the Company or any of its subsidiaries would be entitled to benefit thereunder.

Notwithstanding the foregoing no lender or other person dealing with the Company shall be concerned to see or enquire as to whether the provisions of this Article have been complied with.

#### ORDINARY SHARES

5. The rights attaching to the Ordinary Shares are as follows:-

##### (A) Dividends and Capital

- (1) Except with the consent or sanction of the holders of the Preference Shares and the Preferred Ordinary Shares (given in accordance with the provisions of Article 19 of Part II of these Articles) the holders of the Ordinary Shares shall not be entitled to receive any dividend prior to the Publication Date. Thereafter the holders of the Ordinary Shares shall be subject to the Financing

Documents be entitled to receive out of the profits which the Board may determine to distribute in respect of any subsequent financial year (but including on a pro rata basis any part of the financial year which follows the Publication Date), and after payment of the last instalment of the Preference Dividend in respect of such financial year a cumulative dividend per ordinary Share (exclusive of associated tax credit) equal to:-

$$\frac{\{ \text{POD} \times \frac{(8+K)}{(92-K-W)} \}}{[ ]} = 0$$

where

POD equals the total dividend (exclusive of the associated tax credit) paid in that financial year in respect of the Preferred Ordinary Shares in issue at the relevant time;

O equals the number of Ordinary Shares in issue at the relevant time; and

K and W have the same values as in Article 4(B)(3)(i) and (iii) respectively.

- (a) if the Company shall have failed or been unable to redeem the relevant proportion of the Preference Shares on the due date therefor as specified in sub-paragraph (B)(5) B(6) or B(7) of Article 3 hereof (whether or not pursuant to any provision of the Financing Documents but without prejudice to the cumulative rights of the Ordinary Shareholders) the holders of the Ordinary Shares shall not be entitled to receive any dividends until redemption thereof is actually effected (together with all arrears and accruals of the fixed dividend payable on such Preference Shares (whether earned or declared or not) calculated up to and including the date of such redemption);
  - (b) if all of the Preference Shares shall have been redeemed (together with all arrears and accruals aforesaid of the Preference Dividend payable thereon) and if all of the Preferred Ordinary Shares shall have been converted into Ordinary Shares, the holders of the Ordinary Shares shall, subject to the Financing Documents notwithstanding anything hereinbefore provided, be entitled thereafter to receive such dividends as the Company may determine to distribute to them;
  - (c) any dividend which falls to be paid to the Ordinary Shareholders shall (subject to the foregoing provisions of this Article) be paid on the same date as (but immediately after) the Participating Dividend payable on the Preferred Ordinary Shares.
- (2) (a) Prior to the conversion of the Preferred Ordinary Shares (or, if earlier, the Publication Date) each holder of Ordinary Shares shall be entitled to receive out of the assets of the Company available for distribution amongst the members in a winding up of the Company or other return of capital by the Company and after payment:-



- (i) to the holders of the Preference Shares of the Issue Price thereof (together with all arrears and accruals of the Preference Dividend payable thereon (whether earned or declared or not) up to the relevant date specified in Article 3(A)(2) hereof); and
- (ii) to the holders of the Preferred Ordinary Shares of the Issue Price thereof (together with all arrears and accruals of the Participating Dividend payable thereon (whether earned or not) calculated up to and including the relevant date specified in Article 4(A)(3)(a) hereof);

and after payment to the holders of the Ordinary Shares first of amounts in respect of each Ordinary Share held equal to the Issue Price thereof and thereafter in respect of each Ordinary Share in respect of which less than the maximum Issue Price applicable to any Ordinary Share has been paid, an amount equal to the difference between the respective Issue Prices thereof and the maximum issue price aforesaid, a proportion of the balance of such assets equal to the proportion that the aggregate nominal value of the Ordinary Shares of such holder bears to the aggregate nominal value of all the Preferred Ordinary Shares and Ordinary Shares then in issue.

- (b) Following the Publication Date until conversion of all of the Preferred Ordinary Shares, each holder of Ordinary Shares shall be entitled to receive, in a winding up of the Company or other return of capital by the Company and after payment to the holders of the Preference Shares of the amounts paid up thereon (together with all arrears and accruals of the Preference Dividend payable thereon (whether earned or declared or not) up to the relevant date specified in Article 3(A)(2) hereof) a proportion of the assets of the Company remaining available for distribution amongst the Members (after payment to the holders of the Preferred Ordinary Shares and the Ordinary Shares of the respective Issue Prices thereof and thereafter in respect of each Preferred Ordinary Share and Ordinary Share in respect of which less than the maximum Issue Price applicable to any Preferred Ordinary Share or Ordinary Share (as appropriate) has been paid, an amount equal to the difference between the respective Issue Prices thereof and the applicable maximum Issue Price aforesaid) equal to the proportion that the nominal amount paid up or credited as paid up on the Ordinary Shares of such holder or (in the case of a holder of 'A' Ordinary Shares) the nominal amount paid up or credited as paid up on the Ordinary Shares which would be held by him on full conversion of the 'A' Ordinary Shares, bears to the nominal amount paid up or credited as paid up on all the Ordinary Shares which would have been in issue had all conversion rights attaching to the Preferred Ordinary Shares and 'A' Ordinary Shares been exercised in full on the Publication Date.

(B) Ordinary Shareholders' Class Consents

Without prejudice to the restrictions contained in the Articles of Association of the Company as to the modification of the rights

attached to classes of shares, and unless any Preference Dividend or any part thereof shall be more than nine months in arrears (whether or not as a result of any provision in the Financing Documents) or the Company shall have failed or be unable to redeem the relevant proportion of the Preference Shares not previously redeemed on the relevant date specified in paragraphs (B)(5) or (B)(6) of Article 3 above (whether or not as a result of any provision in the Financing Documents) or shall fail or be unable to redeem all of the Preference Shares not previously redeemed forthwith upon the happening of any of the events specified in Article 3(B)(7) above (whether or not as a result of any provision in the Financing Documents) the consent or sanction of the holders of the Ordinary Shares (given in accordance with the provisions of Article 19 of Part II of these Articles) shall prior to the conversion of the Preferred Ordinary Shares and 'A' Ordinary Shares be required:-

- (1) to the creation allotment or issue of any shares or securities by the Company or to the grant of any right to require the allotment or issue of any such shares or securities (other than the creation allotment or issue of any shares or securities pursuant to the Subscription Agreement the Warrant Instrument, the Thorn Option or the Acquisition Agreement (as defined therein) (and save as may be necessary to effect the conversion of the Preferred Ordinary Shares and 'A' Ordinary Shares pursuant to these Articles and save for the grant of Approved Options to such persons who are approved by the Committee in accordance with the terms of the Subscription Agreement and the allotment or issue of shares pursuant to the exercise of such options);
- (2) to amend any provision of the Memorandum of Association of the Company or the Articles of Association of the Company (other than Article 6);
- (3) to increase, reduce, repay, purchase or repurchase, subdivide, consolidate or otherwise vary the share capital of the Company or reduce the amount, if any, standing to the credit of the share premium account or capital redemption reserve fund except as expressly provided in or permitted by these Articles (other than pursuant to the Subscription Agreement, the Thorn Option and Warrant Instrument) and save for the granting of Approved Options to such persons who are approved by the Committee referred to in Article 41(B) in accordance with the Subscription Agreement and the allotment and issue of shares pursuant to the exercise of such options;
- (4) a Sale or Listing prior to 31st March 1993;
- (5) to any early redemption of the Preference Shares pursuant to Article 3(B)(1);
- (6) to any change in the accounting reference date of the Company prior to 31st March 1993.

(C) Conversion of 'A' Ordinary Shares

- (1) All the 'A' Ordinary Shares shall automatically be converted on, but immediately prior to, a Sale or Listing into the appropriate number of Ordinary Shares calculated as follows:-

$$N = \frac{277,778}{K\%} \times 8\%$$

where:-

N equals the number of Ordinary Shares into which the 'A' Ordinary Shares convert; and

K has the same value as determined in accordance with Article 4(B)(3)(i).

- (2) The provisions of paragraphs (2), (5) and (7) of Article 4(B) shall apply mutatis mutandis to any conversion of the 'A' Ordinary Shares so that references in such paragraphs to "Preferred Ordinary Shares" shall be deemed to be references to 'A' Ordinary Shares.

BORROWING POWERS

6. The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Act, to issue debentures. 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 subsidiaries so as to secure (but as regards subsidiaries only in so far as by the exercise of such rights or powers of control the Board can secure) that the aggregate amount from time to time outstanding of all borrowings by the Group (exclusive of borrowings only by one member of the Group from another member of the Group) shall not, without the previous consent or sanction of the holders of the Preference Shares and the Preferred Ordinary Shares given in accordance with the provisions of Article 19 of Part II of these Articles exceed f

For the purpose of the foregoing restriction:-

- (1) "borrowings" shall be deemed to include not only borrowings but also the following except insofar as otherwise taken into account:-
- (a) the nominal amount of any issued share capital and the principal amount of any debenture or borrowed moneys, the beneficial interest whereof is not for the time being owned by a member of the Group, of any body whether corporate or un-incorporate and the payment or repayment or redemption whereof is the subject of a guarantee or indemnity by a member of the Group;
  - (b) the outstanding amount raised by acceptances by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any member of the Group;

- (c) the outstanding amount of any guarantee or performance or bid bond given or opened on behalf of any member of the Group;
- (d) the principal amount of any debenture (whether secured or unsecured) of a member of the Group owned otherwise than by a member of the Group;
- (e) the principal amount of any preference share capital of any subsidiary owned otherwise than by a member of the Group; and
- (f) the aggregate of all amounts payable under all agreements entered into by any member of the Group for the hire purchase, leasing, credit purchase, conditional purchase or purchase on deferred terms and similar transactions in relation to any property or any other assets;
- (g) any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing;

but shall be deemed not to include:-

- (h) borrowings for the purposes of repaying the whole or any part of borrowings by a member of the Group for the time being outstanding and so to be applied within six months of being so borrowed, pending their application for such purpose within such period;
  - (i) borrowings for the purpose of financing any contract in respect of which any part of the price receivable by a member of the Group is guaranteed or insured by the Export Credits Guarantee Department of the Department of Trade and Industry or by any other government department fulfilling a similar function, to an amount not exceeding that part of the price receivable thereunder which is so guaranteed or insured; and
  - (j) amounts borrowed or raised which are for the time being deposited with H.M. Customs and Excise or any other body designated by any relevant legislation or order in connection with import deposits or any similar governmental scheme to the extent that a member of the group retains its interest therein; and
  - (k) any fixed term borrowings which are matched at redemption by deposits, bonds or other realisable securities.
- (2) when the aggregate amount of borrowings required to be taken into account for the purposes of this Article on any particular day is being ascertained, any of such moneys denominated or repayable (or repayable at the option of any person other than the Company) in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent at the rate of exchange prevailing on, in the case of borrowings otherwise than pursuant to the Financing Documents, that day in London provided that any of such moneys shall be converted at the rate of exchange prevailing in London six months before such day if thereby such

aggregate amount would be less (and so that for this purpose the rate of exchange shall be taken as the middle market rate as at the close of business) and, in the case of borrowings pursuant to the Financing Documents, the date on which, for the purposes of the Financing Documents, the borrowings were, or were deemed to be, borrowed;

- (3) "the Group" means the Company and its subsidiaries (if any).

A certificate or report by the auditors for the time being of the Company as to the amount of any borrowings or to the effect that the limit imposed by this Article has not been or will not be exceeded at any particular time or times shall be conclusive evidence of such amount or fact for the purposes of this Article.

Notwithstanding the foregoing no lender or other person dealing with the Company shall be concerned to see or inquire whether the limit imposed by this Article is observed and no borrowing incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the borrowing was incurred or security given that the limit hereby imposed had been or was thereby exceeded.

#### SUBSIDIARY COMPANIES

7. (A) The Board shall exercise all voting and other rights or powers of control exercisable by the Company in relation to itself and its subsidiaries so as to secure (but as regards its subsidiaries only in so far as by the exercise of such rights or powers of control the Board can secure) that:-

- (a) no shares or other securities are issued or allotted by any such subsidiary and no rights are granted which might require the issue of any such shares or securities otherwise than to the Company or one of its wholly-owned subsidiaries; and
- (b) neither the Company nor any of its subsidiaries transfers or disposes of any shares or securities of any subsidiary of the Company or any interest therein or any rights attached thereto otherwise than:-
  - (i) to the Company or one of its wholly-owned subsidiaries; or
  - (ii) in connection with the granting of security under the Financing Documents or the enforcement thereof,

without in either case the previous consent or sanction of the holders of the Preference Shares and the Preferred Ordinary Shares given in accordance with the provisions of Article 19 of Part II of these Articles.

(B) Subject to the provisions of the Act, each subsidiary of the Company shall make such distributions to the Company as shall enable it to pay all dividends falling to be paid on the Preference Shares, the Preferred Ordinary Shares and the Ordinary Shares (or so much of them as the distributable profits of the subsidiaries shall permit).

#### VOTES OF MEMBERS

8. (A) Save as specifically provided in these Articles and any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every Member who is present in person at a General Meeting of the Company shall have one vote, and on a poll every Member being a holder of Preference Shares who is present in person or by proxy shall have one vote for every £1 in nominal amount of the Preference Shares of which he is the holder and every Member being a holder of Ordinary Shares or Preferred Ordinary Shares who is present in person or by proxy shall have one vote for every 10p in nominal amount of the Ordinary Shares or Preferred Ordinary Shares of which he is the holder.

(B) After the Publication Date and before all the Preferred Ordinary Shares shall have been converted pursuant to Article 4(B) hereof, the voting rights of the holders of the Ordinary Shares and the Preferred Ordinary Shares respectively shall be as if a notice of conversion had been issued specifying conversion of all the Preferred Ordinary Shares on the Publication Date and conversion had been effected in accordance with Article 4(B) hereof.

#### NUMBER OF DIRECTORS

9. Unless and until otherwise determined by Ordinary Resolution of the Company, the Directors shall be not less than two in number and there shall be no maximum number of Directors.

#### DIRECTORS FEES

10. Save as provided elsewhere in these Articles or pursuant to the Subscription Agreement the Directors shall not be paid any fees.

#### AGE OF DIRECTORS

11. 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 to give special notice under the Companies Act of any resolution appointing, re-appointing or approving the appointment of a Director by reason of his age, but where the Board convenes any General Meeting of the Company at which (to the knowledge of the Board) a Director will be proposed for election or re-election who has at the date of such meeting attained the age of seventy years, the Board shall give notice of his having attained such age in the notice convening the meeting or in any document sent therewith, but the accidental omission to give such notice shall not invalidate any proceedings at that meeting or any election or re-election of such Director thereat.

#### DIRECTORS' SHAREHOLDING QUALIFICATION

12. No shareholding qualification for Directors shall be required.

#### DISQUALIFICATION OF DIRECTORS

13. Without prejudice to any of the provisions for disqualification of

Directors hereinafter contained and without prejudice to the terms of any service agreement between a Director and the Company or any of its subsidiaries, the office of a Director (other than a Special Director) shall be vacated if by notice in writing delivered to the office or tendered at a meeting of the Board his resignation is requested by all of the other Directors.

#### PROVISION FOR EMPLOYEES

14. The Board may by resolution exercise any power conferred by the Act to make provision for the benefit of 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 that subsidiary.

#### ACQUISITION OF CONTROL

15. (a) Without prejudice to the provisions of Article 31(A) but notwithstanding the provisions of Article 31(B) and (C) if a bona fide offer (whether or not such offer is subsequently given effect to by way of a sale and purchase agreement) shall be made after the date of adoption of these Articles which, if accepted, would result in any person, firm or company or group of persons acting in concert (as defined by the City Code on Take-Overs and Mergers) ("Offeror") acquiring control of 30% or more of the voting rights of the Company (excluding any such rights attributable to or exercisable by the holders of the Preference Shares) or more than 25 per cent in nominal value of the Preferred Ordinary Shares or the Ordinary Shares then in issue then the holders of the shares in respect of which such offer is made and the Company shall take all reasonable steps within their respective power to procure that a like offer is made or extended at the same time to all the holders of the Preferred Ordinary Shares and Ordinary Shares in issue (being the shares in respect of which such offer is not made) as if in the case of the Preferred Ordinary Shares and the "A" Ordinary Shares, their conversion rights had been exercisable, and exercised in full on the record date for such offer and that a like offer is made or extended at the same time to all holders of Warrants in issue in respect of Shares to be issued upon exercise of the Warrants as if exercised in full on the record date for such offer ("Approved Offer").

(b) If the holders of shares carrying 30 per cent. or more of the voting rights of the Company (excluding any such rights attributable to or exercisable by the holders of the Preference Shares) shall have accepted such offer (and such offer and acceptance shall have become unconditional) the Company shall forthwith redeem the Preference Shares not previously redeemed at an amount equal to the Issue Price thereof together with all arrears and accruals of the fixed dividend thereon (whether earned or declared or not) calculated up to and including the date fixed for redemption.

(c) Pending the making of such an Approved Offer (in accordance with paragraph (a) of this Article) no transfer in favour of the Offeror or any nominee for the Offeror shall be registered but such transfers may be registered thereafter notwithstanding Articles 31(B) and (C).

## PART II - GENERAL PROVISIONS

### PRIVATE COMPANY

16. The Company is a private company and accordingly any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

### SHARE RIGHTS

17. Subject to any special rights conferred on the holders of any shares or class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.

18. Subject to the Act and to any special rights conferred on the holders of any shares or class of shares any preference shares may, with the sanction of a special resolution, be issued on terms that they are, or at the option of the Company are liable, to be redeemed. The terms and manner of redemption shall be provided for by alteration of these Articles.

### MODIFICATION OF RIGHTS

19. (A) Subject to the Act, all or any of the special rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than, in the case of the Preference Shares and the Preferred Ordinary Shares, three-fourths of the issued shares of class concerned and, in the case of the Ordinary Shares, the holders of a majority in nominal amount of that class or with the sanction of, in the case of the Preference Shares and Preferred Ordinary Shares, an extraordinary resolution and, in the case of the Ordinary Shares, an ordinary resolution passed at a separate general meeting of the holders of such shares. To any such separate general meeting all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be two or more persons holding or representing by proxy not less than one-third of the issued shares of the class, that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, that any holder of shares of the class present in person or by proxy may demand a poll and that at any adjourned meeting of such holders one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum and for the purposes of such adjourned meeting one holder present in person or by proxy may constitute a meeting.

(B) Any variation of these Articles which (save as already contained in these Articles) relates any rights to distributions on, or voting rights attaching to, Ordinary Shares to their Issue Price and not their nominal value shall be deemed to be a variation of the Special rights attaching to any Ordinary Shares issued at par.

20. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights



attaching to or the terms of issue of such shares or in these Articles, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith.

#### SHARES

21. Subject to the provisions of the Act and these Articles, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may determine.

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

23. Except as ordered by a Court of competent jurisdiction or as required by law, 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 in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as otherwise provided by these Articles or by law) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

24. Subject to the provisions of the Act and these Articles, the Directors are hereby unconditionally authorised to allot and issue relevant securities (as defined by sub-section (2) of Section 80 of the Act) in accordance with the provisions of the Subscription Agreement and pursuant to the Warrant Instrument and the Thorn Option. This authority shall expire on the expiry of 5 years from the date of adoption of these Articles save that the Company may on the date of adoption of these Articles make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

25. Subject to the provisions of the Act and these Articles the Directors are hereby empowered to allot equity securities (as defined by sub-section (2) of Section 95 of the Act) pursuant to the terms of the Subscription Agreement and pursuant to the Warrant Instrument and the Thorn Option as if sub-section (1) of Section 89 of the Act did not apply thereto. The Company is hereby empowered to make an offer or agreement on the date of adoption of these Articles which would or might require equity securities to be allotted after the expiry of the authority conferred by Article 25 of these Articles and the Directors may allot equity securities in pursuance of such offer or agreement as if such authority had not expired.

26. Subject to the provisions of these Articles, Regulation 54 of Table A shall apply to the voting rights of the Members of the Company.

#### NOTICES

27. Every notice calling a General Meeting shall comply with the provisions of Section 372(3) of the Act, and all notices and other

communications relating to a General Meeting which any Member is entitled to receive shall also be sent to the Auditor for the time being of the Company.

#### RESOLUTIONS

28. Any such resolution in writing as is referred to in Regulation 53 of Table A may consist of several documents in the like form each signed by one or more of the Members (or their duly authorised representatives).

29. A Member of the Company may request at any time a replacement share certificate in respect of his Shares and the Company will issue the same upon payment of 10p to the Company by the relevant Member and subject to the provision by the relevant Member of an indemnity reasonably acceptable to the Board.

#### TRANSFERS - GENERAL

30. The Directors shall not register any transfer of Shares in the Company except in the circumstances permitted in Article 31 and except where the provisions of Clause 5.4 of the Subscription Agreement have been complied with.

#### TRANSFERS TO TRUSTEES, NOMINEES, ASSOCIATED COMPANIES AND OTHER THIRD PARTIES

31. (A) (1) Subject as herein provided but without prejudice to Article 23 of these Articles, any Share held by a Member as nominee or trustee may be transferred to any other person or persons provided that the transferor certifies to the Company, and the Company is satisfied, that no beneficial interest in such Shares passes by reason of the transfer and provided always that the transferee shall be deemed to have issued a Sale Notice (as hereinafter defined) if the beneficial interest in such Shares does pass subsequently. The provisions of Article 31(B) of these Articles shall apply in relation to such a deemed Sale Notice.

(2) Any Member who is a body corporate may transfer any Shares to its ultimate parent company or any other body corporate controlled, directly or indirectly, by its ultimate parent company or the Member. Provided always that the transferee gives an undertaking to the Company that, in the event of any such transferee ceasing to be controlled directly or indirectly by such ultimate parent company or by such Member and immediately prior to it so ceasing, such Shares (unless transferred to a company which remains so controlled) shall be deemed to be subject to a Sale Notice, to which the provisions of Article 31(B) of these Articles shall apply.

(3) Any Share may be transferred at any time by a Member to any other person with the written consent of all the other holders for the time being of the Ordinary Shares and the Preferred Ordinary Shares.

(4) Any Shares which are held by an Investment Trust Company (as defined for the purposes of the Rules of The Stock Exchange) whose shares are listed on The Stock Exchange may be transferred to another such Investment Trust Company:-

(a) whose shares are also so listed; and

- (b) which is managed by the same Management Company as the transferor or by a holding company of such Management Company or any subsidiary company of such holding company,

Provided always that such transferee gives an undertaking to the Company that in the event of the Investment Trust Company ceasing to satisfy either of requirements (a) and (b), such Shares shall be transferred back to the transferor.

(5) Any Shares may be transferred between nominees or Custodian Trustees acting on behalf of Trustees of a superannuation fund which is an exempt approved scheme or treated as an exempt approved scheme by the Commissioners of Inland Revenue for the purposes of Section 592 of the Income and Corporation Taxes Act 1988 provided that the transferee gives an undertaking to the Company that upon the criteria set out in this sub-clause ceasing to be fulfilled such Shares shall be transferred back to the transferor or to another custodian or nominee fulfilling the criteria set out in this paragraph (5).

(6) Any Shares may be transferred by any member ("transferor") to any fund or a nominee of or trustee for a fund which is advised or managed by a holder of Preferred Ordinary Shares (who, in the case of a United Kingdom holder of Preferred Ordinary Shares, is authorised to carry on investment business for the purposes of the Financial Services Act 1986) (or by a holding company or subsidiary of such holder) or to any other person who is a manager or trustee of such a fund (being, in the case of a United Kingdom manager or trustee, authorised to carry on investment business for the purposes of the Financial Services Act) or to any holders of units in such fund or to any partner in any limited partnership which is or of which the general partner is, or is a subsidiary of, a holder of Preferred Ordinary Shares.

(7) Any Member who is an individual may transfer any Shares to the Trustees of a pension fund set up wholly or partly for the benefit of such Member Provided always that the said Trustees shall be deemed to hold the Shares for the benefit of the Member and shall give an undertaking to the Company that in the event of the Pension Fund ceasing to exist or to be for the benefit of such Member, such Shares shall be transferred back to the Member from whom such Shares were transferred and in the event of the Member ceasing to be employed by the Company or any subsidiary the provisions of Article 31(C) shall be complied with in respect of such Shares.

(8) Any Member who is an individual may transfer any Shares to the Trustees of a family settlement set up wholly or partly for the benefit of such Member and/or the spouse and/or children or grandchildren of such Member (including adopted children or grandchildren) and of which the said Member is settlor Provided always that the Trustees give an undertaking to the Company that in the event of the Member ceasing to be employed by the Company or any subsidiary the provisions of Article 31(C) shall be complied with in respect of such Shares.

(9) Any Trustees of a family settlement set up wholly or partly for the benefit of any Member and/or relatives of such Member and of which the Member is a settlor may transfer any Shares to any beneficiary of such a settlement Provided always that any such beneficiary gives an undertaking to

the Company move in the event of the Member ceasing to be employed by the Company or any subsidiary the provisions of Article 31(C) shall be complied with in respect of such Shares.

TRANSFER BY ORDINARY AND PREFERRED ORDINARY  
SHAREHOLDERS - PRE-EMPTION RIGHTS

(B) Save as provided in Article 31(A), no Ordinary Shares or Preferred Ordinary Shares or any interest therein may be transferred whether by way of sale or otherwise except in accordance with the following provisions of this Article 31(B) (and for the purposes of this Article 31(B) "Shareholder" includes both the registered and beneficial owners of any Ordinary or Preferred Ordinary Shares):-

- (1) (a) Subject to sub-paragraph (1)(b) below any Shareholder wishing to transfer part or all of the Ordinary Shares or Preferred Ordinary Shares held by him (hereinafter referred to as the "Retiring Shareholder") shall first give a notice in writing (herein referred to as a "Sale Notice" which expression shall include a notice given in respect of Ordinary Shares and a notice given in respect of Preferred Ordinary Shares) to the Company specifying the number and de-noting numbers (if any) of the Shares which the Retiring Shareholder wishes to sell ("the Sale Shares") which notice shall constitute the Company the agent of the Retiring Shareholder for the sale of the Sale Shares at the value (subject always to paragraph (C) below) to be determined in accordance with the provisions of paragraph (9) of this Article 31(B) ("Market Value") and otherwise in accordance with the provisions of this Article 31(B). A Sale Notice may require that unless all the shares comprised in it are sold, none shall be sold.
- (b) Notwithstanding sub-paragraph (1)(a) above (but without prejudice to Article 31(C) below) no Ordinary Shareholder who is also a director or employee of the Company or any of its subsidiaries, shall be entitled, prior to a Sale or Listing, voluntarily to give a Sale Notice without the prior written consent of the Committee to be given in its absolute discretion.
- (2) Subject to the proviso contained in Article 31(C) below the Retiring Shareholder shall have the right to revoke his Sale Notice within seven days of the date of the auditor's certificate referred to in Article 31(B)(9) but not otherwise.
- (3) If the Retiring Shareholder does not revoke his Sale Notice pursuant to paragraph (2) above then in respect of a Sale Notice given in respect of only Ordinary Shares (hereinafter called an "Ordinary Sale Notice") the Company shall forthwith upon the date upon which the revocation period referred to in Article 31(B)(2) expires or (if Market Value is not required to be determined in relation to the Sale Notice concerned) the date on which the Sale Notice is served (or deemed served) (either such date being hereinafter referred to as "the relevant date"):-
  - (a) if the Retiring Shareholder is the EBT or is a full time Director or employee of the Company or any of its

subsidiaries ("an Executive") or is the trustee of a settlement established for the benefit of such Executive or the family of such Executive as is referred to in paragraph (A)(8) or (A)(9) above but not otherwise offer the Sale Shares at Market Value to New Qualifying Shareholders which offer shall remain open for acceptance for such period (not being less than 21 days nor exceeding 60 days) as the Committee in its absolute discretion may reasonably determine; and

- (b) secondly offer at Market Value such Sale Shares as shall not have been taken up by New Qualifying Shareholders pursuant to sub-paragraph (a) above or, (if no offer was required to be made pursuant to sub-paragraph (a) above) offer all of the Sale Shares at Market Value, to all the other Ordinary Shareholders in proportion as nearly as may be to the number of Ordinary Shares held by them. Such offer shall to the extent that the same is not accepted within 30 days be deemed to be declined and any remaining Sale Shares which have not been accepted shall forthwith be offered at Market Value to the Ordinary Shareholders who have accepted Sale Shares and if there be more than one such Ordinary Shareholder in proportion as nearly as may be to the number of Ordinary Shares held by them. Such offer shall be deemed to be declined if not accepted within 15 days.
- (4) If the Company shall not by the expiry of the last offer required to be made under paragraph (3) above have found New Qualifying Shareholders and/or Ordinary Shareholders willing to purchase all of the Sale Shares the Company shall forthwith offer the Sale Shares not so accepted to the Preferred Ordinary Shareholders at Market Value in proportion as nearly as may be to the number of the Preferred Ordinary Shares held by them. Such offer shall to the extent that the same is not accepted within 30 days be deemed to be declined and any remaining Sale Shares which have not been accepted shall forthwith be offered at Market Value to the Preferred Ordinary Shareholders who have accepted Sale Shares and if there be more than one such Preferred Ordinary Shareholder in proportion as nearly as may be to the number of the Preferred Ordinary Shares held by them. Such further offer shall be deemed declined if not accepted within 15 days.
- (5) If the Retiring Shareholder does not revoke his Sale Notice pursuant to paragraph (2) above, then in respect of a Sale Notice given in respect only of Preferred Ordinary Shares (hereinafter called a "Preferred Ordinary Sale Notice") the Company shall forthwith upon the date upon which the revocation period referred to in Article 31(B)(2) expires or (if Market Value does not require to be determined in relation to the Sale Notice concerned) the date on which the Sale Notice is served (or deemed served) (either such date being hereinafter referred to as "the relevant date") offer the Sale Shares at Market Value firstly to all the other Preferred Ordinary Shareholders in proportion as nearly as may be to the number of the Preferred Ordinary Shares held by them. Such offer shall to the extent that the same is not accepted within 30 days be deemed to be declined and any remaining

Sale Shares which have not been accepted shall forthwith be offered at Market Value to the Preferred Ordinary Shareholders who have accepted Sale Shares and if there be more than one such Preferred Ordinary Shareholder in proportion as nearly as may be to the number of Preferred Ordinary Shares held by them. Such further offer shall be deemed declined if not accepted within 15 days.

- (6) If the Company shall not by the expiry of the last offer required to be made under paragraph (5) above have found Preferred Ordinary Shareholders willing to purchase all of the Sale Shares the Company shall forthwith offer the Sale Shares not so accepted to the Ordinary Shareholders at Market Value in proportion as nearly as may be to the number of Ordinary Shares in the Company held by them. Such offer shall to the extent that the same is not accepted within 30 days be deemed to be declined and any remaining Sale Shares which have not been accepted shall forthwith be offered at Market Value to the Ordinary Shareholders who have accepted Sale Shares and if there be more than one such Ordinary Shareholder in proportion as nearly as may be to the number of Ordinary Shares held by them. Such further offer shall be deemed declined if not accepted within 15 days.
- (7) If the Company shall within the applicable time limits find purchasing Members in respect of all or (except where the Sale Notice provides otherwise) any of the Sale Shares it shall give notice thereof to the Retiring Shareholder which notice shall provide that he shall be bound to complete the sale and purchase within seven days.
- (8) If the Company shall not by the expiry of the last offer required to be made under paragraph (3), (4), (5) or (6) above (whichever is applicable) find purchasing Members for all of the Sale Shares or if through no default (the revocation of a Sale Notice by the Retiring Shareholder pursuant to Article 32(B) (2) above being a default for these purposes) of the Retiring Shareholder the purchase of any of the Sale Shares is not completed within the time period specified in Article 31(B) (7) above the Retiring Shareholder shall be at liberty at any time within six months after the expiry as aforesaid to transfer such of the Sale Shares as were not accepted by purchasing Members or in respect of which the sale was not completed as aforesaid to any person he may wish PROVIDED THAT:-
- (a) the terms of payment of the purchase price are no more favourable to the Purchaser than those rejected by the existing Members; and
- (b) no Sale Shares shall be sold at a lower price than Market Value without first serving a further Sale Notice upon the Company specifying such lower price as the price at which such Sale Shares are offered and all the provisions of this Article 31(B) shall apply to such further Sale Notice save that the period for acceptance shall be 21 days instead of 30 days (where 30 days is specified) and that the Market Value shall be such lower price; and

- (c) in the event that the Sale Notice specified that all (but not some only) of the Sale Shares would be sold the Retiring Member shall not (under the provisions of this paragraph) be at liberty to sell some only of the Sale Shares.
- (9) The Market Value of the Sale Shares shall (unless this Article provides to the contrary) be determined by agreement between the Retiring Shareholder and the Company by resolution of the Board and with the agreement of the Committee but in default of agreement thereon within 10 days of the service of the Sale Notice by the Retiring Shareholder shall be calculated by the auditors of the Company from time to time on the basis of a sale between a willing seller and a willing purchaser of the Sale Shares so offered (as at the date of the Sale Notice) taking into account (if such be the case) any bona fide offer from any person not being a member to purchase any shares comprised in or of the class comprised in the Sale Notice and shall be certified by the auditors of the Company. In so certifying the said auditors shall act as experts and not as arbitrators and their decision shall be final and binding upon the parties. PROVIDED ALWAYS that prior to the date being 18 months after the date of adoption of these Articles the Market Value of an Ordinary Share (not being an 'A' Ordinary Share) shall not, other than in the case of a Sale or on a Listing exceed £1.80 per Ordinary Share.
- (10) In the event of the Retiring Shareholder failing to carry out the sale of any of the Sale Shares after the expiry of the time limit specified in Article 31(B) (7) above the Directors may authorise some person to execute a transfer of the Sale Shares to the purchasing Member(s) and the Company may give a good receipt for the purchase price of such Sale Shares and may register the purchasing Members as holders thereof and issue to them certificates for the same whereupon the purchasing Member(s) shall become indefeasibly entitled thereto. The Retiring Shareholder shall in such case be bound to deliver up his certificate for the Sale Shares to the Company whereupon the Retiring Shareholder shall be entitled to receive the purchase price which shall in the meantime be held by the Company on trust for the Retiring Shareholder but without interest. If such certificate shall comprise any Ordinary Shares or Preferred Ordinary Shares which the Retiring Shareholder has not become bound to transfer as aforesaid the Company shall issue to the Retiring Shareholder a balance certificate for such Ordinary Shares or Preferred Ordinary Shares.
- (11) The cost of obtaining a certificate pursuant to Article 31(B) (9) above shall be borne as to half by the Retiring Shareholder and as to half by the purchasing member (if any, and if more than one in proportion to the numbers of Sale Shares purchased by them respectively) but so that (if there are no purchasing members) the entire cost shall be borne by the Retiring Member and provided further if any Retiring Shareholder shall within twelve months of revoking a Sale Notice serve a further Sale Notice in respect of any of the Shares comprised in an earlier Sale Notice the cost of obtaining a certificate relating to such further Sale Notice shall be borne wholly by such Retiring Shareholder.



#### DEEMED SALE NOTICE

(C) (1) (a) In any case where a Director or employee of the Company or any of its subsidiaries ("the Group") ceases (for whatever reason) to be such a director or employee without remaining or becoming a director or employee of the Company or of another company within the Group such director or employee (the "Leaver") (and any person to whom the Leaver may have transferred any Shares directly or indirectly pursuant to the provisions of Article 31(A) (8), (9) and (10) hereof (which shares held and/or so transferred are together referred to herein as the "Holding") shall serve a Sale Notice in respect of the Relevant Proportion (as defined in paragraph (2) below) of the Holding (and if the Leaver or any such person shall fail so to do, shall be deemed to have served a Sale Notice) in respect of the Relevant Proportion of the Holding.

(b) The provisions of Article 31(B) above shall apply in relation to a deemed Sale Notice (whether the same is deemed to have been given pursuant to the foregoing provisions or to any other circumstances specified in these Articles in which a Sale Notice is deemed to have been given) save that the provisions relating to revocation of a Sale Notice contained in Article 31(B)(2) shall not apply and a Sale Notice given or deemed to be given in all the circumstances referred to in this Article 31(C) shall not be revocable.

(2) (a) For the purposes of this Article 31(C) the Relevant Proportion shall be:-

- (i) in the case of a Leaver who becomes a Leaver voluntarily (other than by reason of death, ill health (as determined by the Committee) or retirement at normal retirement age) - 100%;
- (ii) in the case of a Leaver who becomes a Leaver by reason of his dismissal as a director or employee of the Company or any of its subsidiaries - 50% or such lower percentage as the Committee in its absolute discretion may determine not being less than 30%;
- (iii) in the case of a Leaver who is Mr Beardsley or who becomes a Leaver by reason of death, ill health (as determined by the Committee) or retirement at normal retirement age - Nil%.

(b) If in any circumstances the Committee shall not have made a determination for the purposes of sub-paragraph (a) above within 30 days following a Member becoming a Leaver for the purposes of this Article 31(C) then in the case of sub-paragraphs (a)(i) and (a)(iii) above the Member shall be deemed to have become a Leaver otherwise than by reason of ill health and in the case of sub-paragraph (a)(ii) above the Relevant Proportion shall be deemed to be 50%.

#### TRANSFER - PREFERENCE SHARES

(D) In respect of the transfer of Preference Shares all the provisions of Article 32(B) hereof shall apply mutatis mutandis save that Preference



Shares shall be offered firstly to Preference Shareholders and secondly to Preferred Ordinary Shareholders.

#### PROCEEDINGS AT GENERAL MEETINGS

32. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting with the exception of declaring a dividend, the consideration of the accounts, and the reports of the Directors and auditors, the appointment of and the fixing of the remuneration of the auditors and the fixing of the remuneration of the Directors.

33. If within fifteen minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the meeting shall be dissolved.

34. It shall not be necessary to give any notice of any adjourned meeting and Regulation 44 of Table A shall be construed accordingly.

35. A poll may be demanded by the Chairman or by any Member present in person or by proxy and entitled to vote and Regulation 45 of Table A shall be modified accordingly.

36. A Member for whom a receiver, curator bonis or other person in the nature of a receiver or curator bonis has been appointed by a Court in England and Wales and Scotland having jurisdiction in that behalf on the ground that a Member is incapable by reason of mental disorder of managing and administering his property and affairs may vote, whether on a show of hands or on a poll, by the person so appointed and that person may appoint a proxy to vote on a poll on behalf of the Member.

#### DIRECTORS

37. Without prejudice to the obligation of any Director to disclose his interest in accordance with Section 317 of the Act a Director may vote as a Director in regard to any contract, transaction or arrangement in which he is interested, or upon any matter arising thereout, and if he does so vote his vote shall be counted and he shall be reckoned in calculating a quorum when any such contract transaction or arrangement is under consideration and Regulation 94 of Table A shall be modified accordingly.

38. (A) The office of Director shall be vacated if the Director:-

- (i) becomes bankrupt or makes any arrangements or composition with his creditors generally; or
- (ii) becomes prohibited from being a Director by reason of any order made under any legislation; or
- (iii) in the reasonable opinion of all his co-Directors becomes incapable by reason of mental disorder of discharging his duties as Director; or

(iv) resigns his office by notice in writing to the Company;

(v) (unless he is a Special Director) all the other directors of the Company request his resignation in writing in accordance with Article 13.

(B) On any resolution to remove a Special Director the Preferred Ordinary Shares then in issue shall together carry one vote in excess of 75 per cent of the votes exercisable at the general meeting at which such resolution is to be proposed apportioned equally amongst them.

39. (A) Any director may by writing under his hand appoint (1) any other Director, or (2) any other person, who, in the case of all Directors but not the Special Directors (who may by writing under hand appoint any person whosoever to be their Alternates), is approved by the Board of Directors as hereinafter provided to be his Alternate; and every such Alternate shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served on him) be entitled to receive notices of all meetings of the Directors and, in the absence from the Board of the Director appointing him, to attend and vote at meetings of the Directors, and to exercise all the powers, rights, duties and authorities of the Director appointing him. A Director may at any time revoke the appointment of an Alternate appointed by him and subject to such approval as aforesaid appoint another person in his place, and if a Director shall die or cease to hold the office of Director the appointment of his Alternate shall thereupon cease and determine. A Director acting as Alternate shall have an additional vote at meetings of Directors for each Director for whom he acts as Alternate but he shall count as only one for the purpose of determining whether a quorum be present.

(B) Every person acting as an Alternate Director shall be acting on behalf of the Director so appointing him and that Director shall be responsible to the Company for such Alternate Director's acts and defaults, and he shall be deemed to be the agent of or for the Director appointing him and the remuneration of any such Alternate Director shall be payable out of the remuneration payable to the Director appointing him, and shall consist of such portion of the last-mentioned remuneration as shall be agreed between the Alternate and the Director appointing him.

40. The Directors may from time to time appoint one or more of their body to hold any executive office in the management of the business of the Company as the Directors may decide such appointment being (subject to Section 319 of the Act, if applicable) for such fixed term or without limitation as to period and on such terms as they think fit and a Director appointed to any executive office shall (without prejudice to any claim for damages for breach of any service contract between him and the Company), if he ceases to hold the office of Director from any cause, ipso facto and immediately cease to hold such executive office.

41. (A) Subject as provided in these Articles, the Directors may regulate their proceedings as they think fit. A director shall be deemed to be present at a meeting if by any means he can hear all the other directors speaking and all the other directors can hear him speaking. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors. Not less than 5 working days notice of meetings of the Directors

shall be given unless both of the Special Directors agree to a lesser period of notice. It shall not be necessary to give notice of a meeting to a Director who is absent from the United Kingdom. Questions arising at a meeting shall be decided by a majority of the votes save that in the event of an equal number of votes being cast for and against a particular resolution the Chairman shall have a second vote. A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote (or votes) on behalf of his appointor in addition to his own vote (or votes).

(B) The Directors shall establish and maintain in being a committee to act for the purposes described in these Articles and for each additional purposes as the Board may determine. The members of such committee shall be the Chairman, the Chief Executive of the Company and the other Special Director of the Company. The quorum for meetings of such Committee shall be all three members thereof and no resolution of the Committee shall be effective unless all three members thereof shall have voted in favour of such resolution.

#### DIVIDENDS

42. Subject to the provisions of the Act and the special rights conferred on the holders of any class of shares by these Articles the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members.

#### RESERVES

43. After payment of the Preference Dividends and the Participating Dividends and the dividend on the Ordinary Shares pursuant to Article 5(A)(1) in accordance with the provisions of Part I of these Articles, the Board may, before recommending any further dividend, set aside out of the profits of the Company at the discretion of the Board such sums as they think proper as a reserve or reserves which shall, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may also without placing the same to reserve carry forward any profits which it may think it prudent not to distribute.

#### CAPITALISATION OF PROFITS

44. Subject to the special rights conferred on the holders of any shares or any class of shares:-

- (A) the Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund which is available for distribution or to the credit of any share premium account or any capital redemption reserve fund and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if distributed by way of dividend and in the same proportions, on the footing that the same be not paid in cash but be applied

either in or towards paying up the amounts for the time being unpaid or any shares in the Company held by such Members respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution, provided that, for the purposes of this Article, a share premium account and a capital redemption reserve fund may be applied only in the paying up of unissued shares to be allotted to such Members credited as fully paid.

- (B) the Company may, upon the recommendation of the Board, at any time from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account which is not available for distribution by applying such sum in the paying up in full of unissued shares to be allotted as fully paid shares by way of capitalisation to the Members or any class of Members who would have been entitled to that sum if it were distributed by way of dividend, and in the same proportions, and the Board shall give effect to such resolution.
- (C) by the adoption of these Articles, the Company hereby authorises such capitalisation issues of Ordinary Shares as may be required to give effect to the provisions of Article 4(B) hereof and accordingly notwithstanding the foregoing provisions of this Article no resolution of the Company or of the holders of any class of shares authorising such capitalisation issues shall be required, whether such issues are made out of amounts standing to the credit of any share premium account or capital redemption reserve fund or out of reserves or profits, whether or not such amounts are otherwise available for distribution, and whether or not such capitalisation issues are made to all the Members or to the holders of one or more classes of shares only.

45. Where any difficulty arises in regard to any distribution under the last preceding Article the Board may settle the same as it thinks expedient and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

either in or towards paying up the amounts for the time being unpaid or any shares in the Company held by such Members respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution, provided that, for the purposes of this Article, a share premium account and a capital redemption reserve fund may be applied only in the paying up of unissued shares to be allotted to such Members credited as fully paid.

- (B) the Company may, upon the recommendation of the Board, at any time from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account which is not available for distribution by applying such sum in the paying up in full of unissued shares to be allotted as fully paid shares by way of capitalisation to the Members or any class of Members who would have been entitled to that sum if it were distributed by way of dividend, and in the same proportions, and the Board shall give effect to such resolution.
- (C) by the adoption of these Articles, the Company hereby authorises such capitalisation issues of Ordinary Shares as may be required to give effect to the provisions of Article 4(B) hereof and accordingly notwithstanding the foregoing provisions of this Article no resolution of the Company or of the holders of any class of shares authorising such capitalisation issues shall be required, whether such issues are made out of amounts standing to the credit of any share premium account or capital redemption reserve fund or out of reserves or profits, whether or not such amounts are otherwise available for distribution, and whether or not such capitalisation issues are made to all the Members or to the holders of one or more classes of shares only.

45. Where any difficulty arises in regard to any distribution under the last preceding Article the Board may settle the same as it thinks expedient and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.