

Company No. 2455416

THE COMPANIES ACT 1985
AND THE COMPANIES ACT 1989

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION
OF
DEL MONTE FOODS INTERNATIONAL LIMITED

1. The Company's name is DEL MONTE FOODS INTERNATIONAL LIMITED.*
2. The Company's registered office is to be situated in England and Wales.
3. The Company's objects are:-
 - (A) To carry on the business of an investment company and for that purpose to acquire and hold either in the name of the Company or in that of any nominee shares, stocks, debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any company wherever incorporated or carrying on business and debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any government, sovereign ruler, commissioners, public body or authority, supreme, dependent, municipal, local or otherwise in any part of the world.
 - (B) To acquire any shares, stock, debentures, debenture stock, bonds, notes, obligations, or securities by original subscription, contract, tender, purchase, exchange, underwriting, participation in syndicates or otherwise, and whether or not fully paid up, and to subscribe for the same subject to such terms and conditions (if any) as may be thought fit.

* Name changed from Precis (975) Limited by Special Resolution on 3rd July 1990.

29 JUL 1992
USE

- (C) To exercise and enforce all rights and powers conferred by or incident to the ownership of any shares, stock, obligations or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof and to provide managerial and other executive supervisory and consultant services for or in relation to any company in which the Company is interested upon such terms as may be thought fit.
- (D) To acquire by any means any real or personal property or rights whatsoever.
- (E) To carry on any other business which may seem to the Company capable of being conducted directly or indirectly for the benefit of the Company.
- (F) To make experiments in connection with any business or proposed business of the Company, and to apply for or otherwise acquire in any part of the world any patents, patent rights, brevets d'invention, licences, protections, and concessions which may appear likely to be advantageous or useful to the Company, and to use and manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon and testing and in improving or seeking to improve any patents, inventions or rights which the Company may acquire or propose to acquire.
- (G) To acquire by any means the whole or any part of the assets, and to undertake the whole or any part of the liabilities, of any person carrying on or proposing to carry on any business which the Company is authorised to carry on or which can be carried on in connection therewith, or to acquire an interest in, amalgamate or enter into any arrangement for sharing profits, or for co-operation, or for limiting competition, or for mutual assistance, with any such person and to give or accept, by way of consideration for any of the acts or things aforesaid or property acquired, any shares, whether fully or partly paid up, debentures, or other securities or rights that may be agreed upon.

- (H) To acquire and hold shares or other interests in or securities of any other company and otherwise invest and deal with the moneys of the Company.
- (I) To lend money or give credit to such persons on such terms as may seem expedient.
- (J) To borrow money and to secure by mortgage, charge or lien upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital, the discharge by the Company or any other person of any obligation or liability.
- (K) To guarantee the performance of any obligation by any person whatsoever.
- (L) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- (M) To apply for, promote and obtain any Act of Parliament, charters, privileges, concessions, licences or authorisations of any government, state, municipality, or other authority for enabling the Company to carry any of its objects into effect or for extending any of the Company's powers or for effecting any modification of the Company's constitution, or for any other purpose which may seem expedient, and to oppose any actions, steps, proceedings or applications which may seem calculated directly or indirectly to prejudice the interests of the Company or of its Members.
- (N) To enter into any arrangement with any governments or authorities (supreme, municipal, local or otherwise), or any corporation, companies, or persons that may seem conducive to the Company's objects or any of them, and to obtain from any such government, authority, corporation, company or person any charters, contracts, decrees, rights, privileges and concessions which the Company may think desirable, and to carry out, exercise and comply with any such charters, contracts, decrees, rights, privileges and concessions.

- (O) To establish and maintain, or procure the establishment and maintenance of, any pension or superannuation funds (whether contributory or otherwise) for the benefit of, and to give or procure the giving of donations, gratuities, pensions, allowances and emoluments to any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company or is allied to or associated with the Company, or any such subsidiary or of any of the predecessors of the Company or any such other company as aforesaid, or who may be or have been Directors or officers of the Company, or of any such other company as aforesaid, and the wives, widows, families and dependants of any such persons, and to establish, subsidise and subscribe to any institutions, associations, societies, trusts, clubs or funds calculated to be for the benefit of, or to advance the interests and well-being of, the Company or of any other company as aforesaid, or of any such persons as aforesaid, and to make payments for or towards the insurance of any such persons as aforesaid, and to subscribe or guarantee money for charitable or benevolent objects, or for any exhibition or for any public, general or useful object, and to do any of the matters aforesaid either alone or in conjunction with any such other Company as aforesaid.
- (P) To procure the Company to be registered or recognised in any part of the world.
- (Q) To promote any other company for the purpose of acquiring all or any of the property and/or undertaking any of the liabilities of the Company, or of undertaking any business or operations which may appear likely to assist or benefit the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares, debentures or other securities of any such company as aforesaid.
- (R) To dispose by any means of the whole or any part of the assets of the Company.
- (S) To do all or any of the above things in any part of the world, and either as principal, agent, trustee, contractor or otherwise, and

either alone or in conjunction with others, and either by or through agents, trustees, sub-contractors or otherwise.

- (T) To do all such other things as may be deemed incidental or conducive to the attainment of the above objects or any of them.
- (U) To purchase and maintain insurance for the benefit of any person who is an officer or employee, or former officer or employee, of the Company or of any other company which is a subsidiary of the Company or in which the Company has an interest, whether direct or indirect, or who is or was at any time trustee of any retirement benefits scheme or any other trust in which any such officer or employee or former officer or employee is or has been interested, indemnifying such person against liability for negligence, default, breach of duty or breach of trust or any other liabilities which may lawfully be insured against.

AND IT IS HEREBY declared that the word "company" in this clause, except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether corporate or unincorporate, and whether domiciled in the United Kingdom or elsewhere, and the objects specified in each of the paragraphs of this clause shall be regarded as independent objects, and accordingly shall in nowise be limited or restricted (except where otherwise expressed in such paragraphs) by reference to or inference from the terms of any other paragraph or the name of the Company.

4. The liability of the Members is limited.
5. The Company's share capital is £96,836,947 divided into 588,100 "A" Ordinary Shares of 1p each, 10,669,886 "B" Ordinary Shares of 1p each, 831,332 "C" Ordinary Shares of 1p each, 841,549 "D" Ordinary Shares of 1p each and 2,082,151 "E" Ordinary Shares of 1p each, 82 unclassified Ordinary Shares of 1p each, 59,824,913 First Preference Shares of £1 each and 36,861,903 Second Preference Shares of £1 each.**

** Authorised share capital increased from £100 by four resolutions passed respectively on 21st March 1990, 5th May 1990, 28th September 1990 and 18th June 1991.

20th July 1992

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CLIFFORD CHANCE

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ASSOCIATED OFFICES BAHRAIN SAUDI ARABIA

YOUR REFERENCE

IN REPLY PLEASE QUOTE

DATE

KEB/D1419/0007/PMB

24 July 1992

Katrina Tatam
Del Monte Foods International Ltd
Del Monte House
London Road
Staines
Middlesex TW18 4JP

BY COURIER

Dear Katrina

Annual General Meeting

Following DMFI's Annual General Meeting on 30th June the enclosed Special Resolutions and amended Memorandum and Articles of Association need to be filed at Companies House. As this needs to be done as quickly as possible, I would be grateful if you could review the enclosures and then ask Leon Allen to sign the Special Resolutions. As discussed, you will arrange for filing at Companies House. I am preparing a form 123 and ten bound copies of the Memorandum and Articles which I will send to you separately.

Yours sincerely



Kirsten Birkett

Company No. 2455416

THE COMPANIES ACT 1985
AND THE COMPANIES ACT 1989

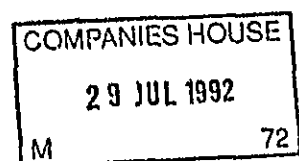
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
OF
DEL MONTE FOODS INTERNATIONAL LIMITED
Incorporated on 27th December 1989

ADOPTED BY SPECIAL RESOLUTION
Passed on 5th May 1990
and amended by Special Resolution
passed on 9th May 1990
and amended by Special Resolution passed on
28th September 1990
and amended by Special Resolution passed on
18th June 1991
and amended by Special Resolution passed on
30th June 1992

Clifford Chance
Royex House
Aldermanbury Square
London EC2V 7LD

Ref: CJF/PJLC/C1352/0219



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THE COMPANIES ACT 1985
AND THE COMPANIES ACT 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

- of -

DEL MONTE FOODS INTERNATIONAL LIMITED
(Adopted by Special Resolution passed
on 5th May 1990
and amended by Special Resolution
passed on 9th May 1990
and amended by Special Resolution passed
on 28th September 1990
and amended by Special Resolution passed
on 18th June 1991
and amended by Special Resolution passed
on 30th June 1992)

1. DEFINITIONS

- 1.1 The headings shall not affect the construction hereof and in the interpretation of these Articles unless the context otherwise requires the following words and expressions shall bear the meanings set opposite them:-

"the Act"	the Companies Act 1985 as amended by the Companies Act 1989
"A" Ordinary Share"	an "A" Ordinary Share of 1p in the capital of the Company
"A" Ordinary Shareholder"	a holder for the time being of "A" Ordinary Shares
"Approved Share Option Scheme"	the executive share option (No.1) scheme of the Company approved pursuant to the Subscription and Shareholders Agreement
"B" Director"	a director appointed pursuant to Article 21
"B" Ordinary Share"	a "B" Ordinary Share of 1p in the capital of the Company

"B" Ordinary Shareholder"	a holder for the time being of "B" Ordinary Shares
"C" Ordinary Share"	a "C" Ordinary Share of 1p in the capital of the Company
"C" Ordinary Shareholder"	a holder for the time being of "C" Ordinary Shares
"Californian Law"	Section 16640 et seq. of the Government Code of the State of California (Chapter 1254 of California Statutes)
"Connected Person"	as defined by Section 839 Income and Corporation Taxes Act 1988
"Convertible Loan Stock"	the £16,309,387 convertible subordinated unsecured loan stock 1990/91 of the Company and the £2,121,212 convertible subordinated unsecured loan stock 1990/91 of the Company issued pursuant to instruments approved pursuant to the Subscription and Shareholders Agreement as varied by instruments dated 9th May 1990
"Director"	a director for the time being of the Company
"D" Ordinary Share"	a "D" Ordinary Share of 1p in the capital of the Company
"D" Ordinary Shareholder"	a holder for the time being of "D" Ordinary Shares
"E" Ordinary Share"	an "E" Ordinary Share of 1p in the capital of the Company
"E" Ordinary Shareholder"	a holder for the time being of "E" Ordinary Shares
"Employee Trust"	the trust established by the Company to hold "D" Ordinary Shares and Second Preference Shares for employees of the Company and its subsidiaries pursuant to an employee share scheme approved by a majority of the "B" Directors
"Facility Agreement"	the facility agreement to be entered into between a bank or banks and the Company on the terms set out in a letter from Charterhouse Bank Limited to the Company dated 10th April 1990 and in approved terms for

	the purposes of the Subscription and Shareholders Agreement
"Family"	any of a shareholder, one or more of the spouse, child, stepchild, adopted child or lineal descendants of a shareholder
"First Preference Share"	a First Redeemable Cumulative Preference Share of £1 in the capital of the Company
"First Preference Shareholder"	a holder for the time being of First Preference Shares
"Gravelgrove"	Gravelgrove Limited, registered in England under No. 2459100
"Gravelgrove Minority Shares"	the "B" Ordinary Shares of 1p each in the capital of Gravelgrove which are not owned by the Company
"Gravelgrove Preference Shares"	the Redeemable Cumulative Preference Shares of 1p each in the capital of Gravelgrove
"Gravelgrove Warrant Instrument"	the instrument executed by Gravelgrove on 5th May 1990 constituting warrants to subscribe for 77,029 "B" Ordinary Shares of 1p each in Gravelgrove
"Justified Dismissal"	a dismissal of a director or an employee by the Company or any of its subsidiaries pursuant to provisions of his service contract other than in respect of illness disability or other incapacity or redundancy allowing the Company or any of its subsidiaries summarily to dismiss him
"Listing"	<p>(i) the listing of any of the Company's shares on The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"); or</p> <p>(ii) the granting of an application by the Company for the dealing in any of the Company's shares on any other public securities market (including the Unlisted Securities Market of The Stock Exchange)</p>

"Mezzanine Loan Agreement"	the loan agreement to be entered into between The Prudential Insurance Company of America and the Company on the terms set out in a letter from The Prudential dated 22nd March 1990 and in approved terms for the purposes of the Subscription and Shareholders Agreement
"Preference Share"	a First Preference Share and/or a Second Preference Share as the case may be
"Preference Shareholder"	a holder for the time being of Preference Shares
"Relevant Multiple"	4, subject to adjustment as provided in the Articles of Association of Gravelgrove adopted pursuant to a special resolution passed on the date hereof
"Resignation"	a resignation (other than where the same is a constructive dismissal) of a director or an employee of the Company or any of its subsidiaries other than due to illness disability or other incapacity and excluding retirement at or after the Company's normal retirement age
"Sale"	completion of an agreement for the transfer of the whole of the Company's issued share capital or for the transfer of the whole or substantially the whole of the undertaking of the Company and its subsidiaries to a single purchaser (or to one or more purchasers as part of a single transaction)
"Second Preference Share"	a Second Redeemable Cumulative Preference Share of £1 in the capital of the Company
"Second Preference Shareholder"	a holder for the time being of Second Preference Shares
"Shareholder-related Contract"	any contract, agreement, arrangement or transaction, including in particular contracts of employment or for the provision of services, made between any "A" Ordinary Shareholder (or person who in relation to such "A" Ordinary Shareholder is a Connected Person) and the Company or any holding

company of the Company or any subsidiary of the Company or of any such holding company

"Subscription and Shareholders Agreement"

the agreement dated 12th April 1990 made between (1) the Company (2) Leon Allen and others and (3) Charterhouse European Limited Partnership No. 1 and others relating, inter alia, to the subscription for shares in the Company as varied by an agreement dated 5th May 1990

"Table A"

Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 in force at the date of adoption of these Articles

"Unapproved Share Option Scheme"

the executive share option (No.2) scheme of the Company approved pursuant to the Subscription and Shareholders Agreement

"Unjustified Dismissal"

a dismissal of a director or an employee of the Company or any of its subsidiaries which is not a Justified Dismissal

"Unit"

as defined in Article 10.1

Words and expressions defined in the Act shall, unless the context otherwise requires, have the same meanings in these Articles. The singular shall include the plural and vice versa. The expression "shareholder" includes his personal representatives.

2. TABLE A

The Regulations contained in Table A shall apply to the Company save in so far as they are excluded or modified hereby. The first sentence of Regulation 24 and Regulations 64, 73-77 inclusive, 80, 87 and 94 of Table A shall not apply and the final sentence of Article 112 shall not apply but subject as aforesaid, and in addition to the remaining Regulations of Table A the following shall be the Articles of Association of the Company.

3. PRIVATE COMPANY

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.

4. SHARE CAPITAL

The share capital of the Company at the date of adoption of these Articles is £96,836,947 divided into 588,100 "A" Ordinary Shares, 10,669,886 "B" Ordinary Shares, 831,332 "C" Ordinary Shares, 841,549 "D" Ordinary Shares, 2,082,151

"E" Ordinary Shares, 82 unclassified Ordinary Shares of 1p each, 59,824,913 First Preference Shares and 36,861,903 Second Preference shares.

5. RIGHTS OF THE PREFERENCE SHARES

The rights and privileges attaching to the Preference Shares are as follows:-

5.1 As regards income

5.1.1 The First Preference Shares shall confer on the holders thereof the right to receive, in priority to the rights of the holders of any other class of shares in the capital of the Company and to the transfer of any ~~sums~~ reserves and payable without any resolution of the Directors of the Company:-

- (i) A cumulative dividend ("SA Income Dividend") equal to the value of the distributions made to the Company by Rosawood Limited ("Rosawood") (net of any associated tax credit).

The SA Income Dividend shall be calculated after each financial year of the Company when the Directors sign the audited consolidated accounts of the Company and its subsidiaries and shall be paid (to the extent that payment thereof is permitted under the terms of the Facility Agreement and the Mezzanine Loan Agreement) on 31st May in each year in respect of the SA Income Dividend payable and received by the Company for the financial year of the Company which ended on the previous 30th November (or, if the audited consolidated accounts of the Company and its subsidiaries have not been signed by 31st May in a given year, within seven days of the signing thereof) out of the profits of the Company available for distribution. Any amount not so paid shall be carried forward and be payable in priority to the SA Income Dividend payable on any later date.

Upon a Listing or return of capital under Article 5.2 the SA Income Dividend shall be calculated as at Listing or return of capital in respect of the period from the end of the last financial year of the Company until Listing or return of capital and shall be paid together with any unpaid SA Income Dividend for any previous financial year.

- (ii) A cumulative dividend ("SA Profit Dividend") equal to the amount by which the aggregate proceeds of a disposal of the whole or part of Company's interest in Rosawood (or of Rosawood's undertaking) and/or of Rosawood's interest in its subsidiaries (and/or of their undertakings) exceed US\$20 million payable out of the profits of the Company available for distribution (and to the extent that the relevant distribution is permitted under the terms of the Facility Agreement and the Mezzanine Loan Agreement) when that US\$20 million target is exceeded and (in the case of more than one disposal) when the excess is increased. Any amount not so paid shall be carried forward and be payable in priority to the SA Profit Dividend payable on any later date.

The SA Income Dividend and SA Profit Dividend (together the "SA Dividends") shall be apportioned amongst the holders of the First

Preference Shares pro rata to their holdings of First Preference Shares.

The amount payable in respect of an unpaid SA Dividend shall bear interest at 8 per cent per annum compounded with rests on 31st May and 30th November.

If an SA Income Dividend accrues because of a distribution otherwise than in cash by Rosawood, Article 5.1.1(i) shall be interpreted so that the First Preference Shareholders are entitled to that non-cash distribution rather than the value thereof.

To the extent that an SA Profit Dividend accrues because a disposal is made for a non-cash consideration and to the extent that, at the time of the distribution, such consideration has not been realised, Article 5.1.1(ii) shall be interpreted so that the First Preference Shareholders' entitlement to an SA Profit Dividend shall be satisfied by the distribution to them of such non-cash consideration or the appropriate part thereof.

5.1.2 The Preference Shares shall confer on the holders thereof the right to receive, subject to the rights of the holders of the First Preference Shares to receive the SA Dividends but in priority to the rights of the holders of any other class of shares in the capital of the Company and to the transfer of any sums to reserves (save for any reserve established to meet unpaid SA Dividends):-

- (i) a fixed cumulative preferential dividend ("Basic Preference Dividend") payable with effect from 1st December 1991 without any resolution of the Directors or of the Company, at four per cent. per annum (inclusive of any associated tax credit) on the nominal amount of the capital for the time being paid up thereon. The Basic Preference Dividend shall accrue from day to day and be paid (so long as no event of default (as defined in the Facility Agreement or the Mezzanine Loan Agreement) has occurred or is continuing) half-yearly on 31st May and 30th November in each year in respect of the half-years ending on those dates out of the profits of the Company available for distribution, the first such payment to be made on 31st May 1992 in respect of the period from 1st December 1991 up to and including 31st May 1992. Any amount not so paid shall be carried forward and be payable in priority to the Basic Preference Dividend or Extra Preference Dividend payable on any later date. The rate at which the Basic Preference Dividend is payable shall be compounded at four per cent per annum with rests on the due dates for payment thereof, and the amount payable in respect of an overdue dividend shall be increased accordingly; and
- (ii) a non-cumulative preferential dividend ("Extra Preference Dividend") payable upon a resolution of the Directors (but without any resolution of the Company), at the following rates per annum (inclusive of any associated tax credit) on the nominal amount of the capital for the time being paid up thereon:-

Rate

Period

Nil	From the date of issue until 30th November 1992
4 per cent	From 1st December 1992 to 30th November 1993
6 per cent	From 1st December 1993 to 30th November 1994
8 per cent	From 1st December 1994 to 30th November 1995
10 per cent	From 1st December 1995 onwards

to the extent that payment thereof is permitted under the terms of the Facility Agreement and the Mezzanine Loan Agreement.

The Extra Preference Dividend shall, subject to the passing of the necessary resolution by the Directors, be paid annually on 31st May in each year in respect of the year ending on previous 30th November out of the profits of the Company available for distribution, the first such payment, subject as aforesaid, to be made on 31st May 1994 in respect of the period from 1st December 1992 up to and including 30th November 1993.

5.2 As regards capital

On a return of capital on liquidation or otherwise the assets of the Company available for distribution amongst the shareholders shall be applied:-

5.2.1 in priority to any payment to the holders of any other class of shares in the capital of the Company, in paying to the First Preference Shareholders:-

- (i) a sum equal to any arrears or deficiency of the SA Dividends and interest thereon to be calculated down to the date of return of capital and to be payable irrespective of whether or not such dividends have been declared or earned less any SA Loss; and
- (ii) if the Company retains the whole or part of its interest in Rosawood at the time of the return of capital and the value of such interest, when aggregated with the amount received from a prior disposal of the whole or part of the Company's interest in Rosawood (or of Rosawood's undertaking) and/or of Rosawood's interest in its subsidiaries (and/or of their undertakings) exceeds \$20 million, an amount equal to the excess (save to the extent that such excess represents SA Dividends already paid or payable under Article 5.2.1 (i) above).

"SA Loss" shall mean the amount by which the value of the Company's interest in Rosawood, when aggregated with the amount received from a prior disposal of the whole or part of the Company's interest in Rosawood (or of Rosawood's undertaking) and/or of Rosawood's interest in its subsidiaries (and/or of their undertakings) falls short of \$20 million plus any SA Profit Dividends already paid.

5.2.2 subject to the rights of the holders of the First Preference Shares under Article 5.2.1 but in priority to any payment to the holders of any other class of shares in the capital of the Company, paying to the Preference Shareholders:-

- (i) first, the nominal amounts paid up on the Preference Shares held by them less, in the case of the First Preference Shareholders only, any SA Loss (save to the extent that a deduction in respect of the SA Loss has been made under Article 5.2.1(i)); and
- (ii) secondly, a sum equal to any arrears or deficiency of the Basic Preference Dividend and interest thereon to be calculated down to the date of return of capital and to be payable irrespective of whether or not such dividend has been declared or earned and a sum equal to any Extra Preference Dividend declared but not paid less, in the case of the First Preference Shareholders only, any SA Loss (save to the extent that a deduction in respect of the SA Loss has been made under Articles 5.2.1(i) and 5.2.2 (i)).

5.2.3 Any SA Loss attributed to the First Preference Shares under these Articles and any payments in respect of the First Preference Shares shall be apportioned amongst the holders of the First Preference Shares pro rata to their holdings of First Preference Shares.

If any SA Loss is deducted from the amount distributable in respect of the First Preference Shares, the amounts distributable shall be apportioned among the Preference Shares pro rata to the nominal amounts paid up thereon, after deducting any SA Loss from the nominal amount paid up on the First Preference Shares save to the extent that a reduction in respect of the SA Loss has previously been made.

5.3 Further participation

The Preference Shares shall not confer any further right of participation in the profits or assets of the Company.

5.4 As regards redemption

5.4.1 The Company shall redeem the Preference Shares for cash on the later to occur of:-

- (i) 30th November 2000;
- (ii) the first date on which such redemption is permitted by the terms of the Facility Agreement and the Mezzanine Loan Agreement

("the Redemption Date").

5.4.2 A redemption of some but not all of the Preference Shares shall be made amongst the holders thereof pro rata as nearly as possible to their holdings of Preference Shares.

5.4.3 Upon the Redemption Date:-

- (i) the amounts payable to the First Preference Shareholders under Article 5.2.1 on a return of capital (deeming references to a return of capital in Article 5.2.1 to be references to the Redemption Date and apportioning the amounts payable among the holders of the First Preference Shares to be redeemed);
- (ii) the nominal value of the Preference Shares to be redeemed less, in the case of the First Preference Shareholders only, any SA Loss (save to the extent that a deduction in respect of the SA Loss has been made under Article 5.4.3(i)); and
- (iii) any Basic Preference Dividend due on the Preference Shares to be redeemed and interest thereon and any Extra Preference Dividend declared thereon but not paid less, in the case of the First Preference Shareholders only, any SA Loss (save to the extent that a deduction in respect of the SA Loss has been made under Articles 5.4.3(i) and (ii))

("the redemption moneys") shall become a debt due and payable by the Company to the relevant Preference Shareholders and subject to receipt of the relevant share certificates (or an indemnity in respect thereof in a form reasonably satisfactory to the Company) the Company shall forthwith upon the Redemption Date pay the redemption moneys to the appropriate shareholder.

5.4.4 On redemption the Company shall cancel the share certificate of the shareholder concerned and, in the case of a redemption of part of the Preference Shares included in the certificate, without charge issue a fresh certificate for the balance of Preference Shares not redeemed.

5.4.5 As from the Redemption Date the SA Dividends and the Basic Preference Dividend shall cease to accrue on any Preference Shares due to be redeemed on that date unless on the presentation of the certificate (or an indemnity as aforesaid) relating thereto the Company fails to make payment of the redemption moneys in which case the SA Dividends and the Basic Preference Dividend shall be deemed to have continued and shall continue to accrue from the Redemption Date to the date of payment.

5.5 As regards voting

Preference Shareholders shall be entitled to receive notice of and to attend and speak but not to vote at all general meetings of the Company unless the Company:-

- (i) shall not have paid the Basic Preference Dividend on a due date for payment, or
- (ii) shall have failed to make lawful payment of the redemption moneys due on a redemption of the Preference Shares or shall have failed to make lawful redemption of the Preference Shares on the Redemption Date

when the Preference Shareholders shall be entitled until payment or redemption to vote at any general meeting of the Company and on a show of hands each Preference Shareholder present in person or by proxy

shall have one vote and on a poll shall have one vote for every Preference Share of which he is the holder.

5.6 Matters requiring consent

So long as any Preference Shares shall remain outstanding and except with the consent of the holders of not less than 75 per cent. in nominal value of the Preference Shares (treating the First Preference Shareholders and the Second Preference Shareholders as one class) in general meeting or in writing:-

5.6.1 the Company shall not directly or indirectly modify or vary the rights and privileges attaching to the Preference Shares;

5.6.2 the Company shall not pass any resolution for reducing its ordinary share capital or (save for the purpose of redeeming any of the Preference Shares) the amount (if any) for the time being standing to the credit of its share premium account or capital redemption reserve in any manner or reduce any uncalled liability in respect of partly paid shares;

5.6.3 the Company shall not make any distribution, payment or return to shareholders (other than in respect of the Preference shares) of a capital nature;

5.6.4 the Company shall not issue any further shares ranking as regards participation in the profits or assets of the Company in priority to or pari passu with the Preference Shares other than pursuant to the terms of the Convertible Loan Stock;

5.6.5 the Company shall not permit any subsidiary to issue (other than to the Company or another wholly-owned subsidiary of the Company and other than pursuant to the Gravelgrove Warrant Instrument) any shares ranking as regards participation in the assets or profits of that subsidiary in priority to its ordinary share capital nor shall any disposal be made by the Company or by any subsidiary of the Company of any such shares (otherwise than as aforesaid);

5.6.6 the Company shall not capitalise any undistributed profits (whether or not the same are available for distribution and including profits standing to any reserve) or any sum standing to the credit of its share premium account or capital redemption reserve

5.7 Early Redemption by the Company

5.7.1 The Company may at any time redeem the whole or any part of the Preference Shares then outstanding by serving notice of such redemption upon the Preference Shareholders specifying a date upon which redemption is to take place being not less than 14 days nor more than 30 days from the date of such notice PROVIDED THAT:-

- (i) in the event of a partial redemption the Company may redeem only in multiples of 100,000 Preference Shares;
- (ii) no First Preference Shares may be redeemed unless an equal proportion of the Second Preference Shares are redeemed; and

- (iii) the Company may not redeem Preference Shares while any loans under the Facility Agreement and the Mezzanine Loan Agreement remain outstanding.

The provisions of Article 5.4.2 to 5.4.5 inclusive shall have effect mutatis mutandis to such redemption save that the Redemption Date shall be that specified in the said notice.

5.7.2 The Company shall redeem the whole of the Preference Shares immediately prior to Listing.

The provisions of Article 5.4.2 to 5.4.5 inclusive shall have effect mutatis mutandis to such redemption save that the Redemption Date shall be the date immediately prior to Listing and any failure to do any act by a Preference Shareholder shall not prejudice due and proper redemption hereunder.

5.8 Disputes

In the case of disagreement as to the calculation of the SA Dividend or the amount payable to the Preference Shareholders under Articles 5.4 or 5.7, the disagreement shall be referred to an umpire (acting as expert and not as arbitrator) nominated by and acting at the joint expense of the parties concerned (or, in the event of disagreement as to nomination appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales at the request of any of the parties concerned) whose decision shall be final and binding.

5.9 Conversion

After the disposal of the whole of the Company's interest in Rosawood (or of Rosawood's undertaking) and/or of Rosawood's interest in its subsidiaries (and/or of their undertakings), if a majority of the Board of Directors (including a majority of the "B" Directors) agree that (a) no further SA Dividends can accrue and (b) all arrears or deficiency of the SA Dividends and interest thereon have been satisfied, the Board of Directors (including a majority of the "B" Directors) may reclassify each First Preference Share as a Second Preference Share having all the rights and privileges attaching to a Second Preference Share without further authority than is herein contained being necessary and notwithstanding any other provision of these Articles.

6. RIGHTS OF THE ORDINARY SHARES

- 6.1 Save as otherwise specifically provided in these Articles the "A" Ordinary Shares, the "B" Ordinary Shares, the "C" Ordinary Shares, the "D" Ordinary Shares and the "E" Ordinary Shares shall rank *pari passu* but shall be subject as provided in Article 7 constitute five separate classes of shares.
- 6.2 No holder of any "E" Ordinary Shares, shall in relation to such shares, have any right to vote, in person or by proxy, and whether on a show of hands or on a poll, except in relation to any resolution proposed for any of the following purposes:-

- (i) any amendment of the Memorandum and Articles of Association of Company;
- (ii) any increase in the authorised share capital of the Company;
- (iii) any reduction in the Company's authorised share capital;
- (iv) any return of capital by the Company;
- (v) any redemption by the Company of any of its shares other than the Preference Shares;
- (vi) any purchase by the Company of its own shares;
- (vii) any scheme of arrangement between the Company and any of its shareholders;
- (viii) in connection with any disposal by the Company or any of its subsidiaries or assets in circumstances where a resolution of the company in general meeting is required in connection with such disposal;
- (ix) the commencement of any action to wind up or dissolve the Company.

6.3 Until such time as the Convertible Loan Stock converts or is redeemed in accordance with its terms the holders of "B" Ordinary Shares who in addition hold Convertible Loan Stock shall be entitled to exercise, in addition to the voting rights attaching to their shares by virtue of Article 8, apportioned as between such holders of "B" Ordinary Shares pro rata as nearly as maybe to their existing holdings of "B" Ordinary Shares, that number of votes as would attach to those "B" Ordinary Shares arising on conversion of the Convertible Loan Stock in accordance with its terms.

6.4 To the extent that dividends are paid by Gravelgrove to the Company in respect of the Company's holding of Preferred Ordinary Shares of £1 each in the capital of Gravelgrove and Ordinary Shares of £1 each in the capital of Gravelgrove and those dividend payments exceed any amounts required by the Company to service the payments to be made pursuant to the provisions of the Facility Agreement and Mezzanine Loan Agreement and to the holders of the Preference Shares as dividends the Company shall retain the excess for corporate purposes and shall not distribute the excess to the shareholders, as a dividend, redemption or otherwise. No Basic Preference Dividend or Extra Preference Dividend or dividend on the "A" Ordinary Shares, "B" Ordinary Shares, "C" Ordinary Shares, "D" Ordinary Shares or "E" Ordinary Shares shall be paid unless an equivalent percentage dividend is simultaneously paid to the holders of Gravelgrove Preference Shares or Gravelgrove Minority Shares in accordance with the Articles of Association of Gravelgrove adopted pursuant to a special resolution passed on the date hereof.

7. ISSUES OF SHARES

7.1 Subject to these Articles the pre-emption provisions of sub-section (1) of Section 89 and sub-sections (1) to (6) of Section 90 of the Act

shall apply to any allotment of the Company's equity securities PROVIDED THAT (a) for the purposes of those sub-sections the "A" Ordinary Shares, the "B" Ordinary Shares, the "C" Ordinary Shares, the "D" Ordinary Shares and the "E" Ordinary Shares shall be treated as one class and (b) the holders of equity securities ("Equity Shareholders") who accept shares shall be entitled to indicate that they would accept shares that have not been accepted by other Equity Shareholders ("Excess Shares") on the same terms as originally offered to all Equity Shareholders and any shares not so accepted shall be allotted to the Equity Shareholders who have indicated they would accept Excess Shares in the number in which those Equity Shareholders have indicated they would accept them or if the number of Excess Shares is not sufficient for all Equity Shareholders to be allotted all the Excess Shares they have indicated they would accept then the Excess Shares shall be allotted as nearly as practicable in the proportion that the number of Excess Shares each Equity Shareholder indicated he would accept bears to the total number of Excess Shares applied for.

- 7.2 For the purposes of the statutory pre-emption provisions referred to in Article 7.1 the "B" Ordinary Shares who also hold Convertible Loan Stock shall be deemed in addition to hold (apportioned as between them as nearly as may be to their existing holdings of "B" Ordinary Shares) that number of "B" Ordinary Shares ("the Additional Entitlement") as would be allotted to them were all of the Convertible Loan Stock (not already redeemed or converted in accordance with its terms) to convert.
- 7.3 The Additional Entitlement shall cease on the conversion or redemption of the Convertible Loan Stock in full.
- 7.4 "D" Ordinary Shares shall only be issued either to the Employee Trust or to employees of the Company or any of its subsidiaries.

8. VOTES

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

9. PERMITTED TRANSFERS

- 9.1 The Directors shall not register any transfer of shares in the Company save in the circumstances permitted by this Article and Articles 10, 11, 12 and 13 or required by Article 14.3.1 and save as provided in this Article the shareholders shall not be entitled to transfer any shares whether by way of sale or otherwise except in accordance with the provisions of this Article and Articles 10, 11, 12 and 13.
- 9.2 Without prejudice to Regulation 5 of Table A, any share held by a Shareholder except a "C" Ordinary Share may be transferred to a person shown to the satisfaction of a majority of the "B" Directors to be a nominee of or a trustee for that shareholder only (the "Beneficial Shareholder") PROVIDED THAT the provisions of this Article and Articles 10, 11, 12, 13 and 14 shall apply to any share so transferred as if it were still held by the Beneficial Shareholder. Any share held by such a nominee or trustee for such Beneficial Shareholder may be transferred to such Beneficial Shareholder or subject to the

proviso in this sub-paragraph to another nominee or trustee for such Beneficial Shareholder.

9.3 Without prejudice to Regulation 5 of Table A, any shareholder who is an individual (the "Settlor") may transfer "A" Ordinary Shares and "D" Ordinary Shares to persons shown to the satisfaction of a majority of the "B" Directors to be either members of his Family or trustees for members of his Family only PROVIDED THAT the provisions of this Article and Articles 10, 11, 12, 13 and 14 shall apply to any share so transferred as if it were still held by the Settlor.

9.4 Any "B" Ordinary Shareholder, "C" Ordinary Shareholder or "E" Ordinary Shareholder which 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 PROVIDED THAT the transferee gives an undertaking to the Company that in the event of any such body corporate ceasing to be controlled directly or indirectly by such ultimate parent company immediately prior to it so ceasing such shares shall be transferred to another body corporate so controlled.

9.5 Any share may be transferred at any time by a shareholder to any other person with the consent of the holders of a majority of the "A" Ordinary Shares and 75 per cent of the "B" Ordinary Shares.

9.6.1 Northern & Midland Nominees Limited and Charterhouse Development Limited may transfer any shares held by them to Dillon Read Limited or to any nominee company that is to hold such shares for Dillon Read Limited and any such nominee company may transfer any shares held by either of them to Northern & Midland Nominees Limited and/or Charterhouse Development Limited.

9.6.2 For the purposes of Article 10:-

- (i) 161,292 of the "B" Ordinary Shares held by Northern & Midland Nominees Limited and 1,361,305 of the First Preference Shares held by Charterhouse Development Limited shall be treated as Units held by one shareholder; and
- (ii) 65,525 of the "B" Ordinary Shares held by Northern and Midland Nominees Limited and 553,030 of the First Preference Shares held by Charterhouse Finance Corporation Limited shall be treated as Units held by one shareholder.

9.6.3 For the purposes of Article 10 and in order to satisfy the requirements of the co-investment scheme of a prospective shareholder or to satisfy any other reasonable requirements of a prospective shareholder, the Directors may resolve that specified numbers of "B" Ordinary Shares and First Preference Shares allotted to different shareholders shall be treated as Units held by one shareholder.

9.7.1 Any shares held by any body corporate which is beneficially owned or controlled by or on behalf of any collective investment scheme and which acquired such shares in lieu of such collective investment scheme effecting such acquisition may be transferred to the custodian or trustee (if any) and/or to the operator of such collective investment scheme and/or to any bare trustee or nominee for such custodian, trustee or operator as aforesaid; and

9.7.2 Any shares held by or on behalf of the custodian or trustee (if any) and/or to the operator of any collective investment scheme may be transferred to any participant in such collective investment scheme and/or to any bare trustee or nominee for any such participant in accordance with trust deed, partnership agreement or other instrument constituting such collective investment scheme; and

9.7.3 Any shares which are transferred in accordance with the provisions of Article 9.7.2 to any participant in any collective investment scheme to which Article 9.7.2 shall apply may be distributed in specie or otherwise transferred by that participant to any member of or investor in such participant if such distribution in specie or transfer shall be permitted by the articles of incorporation, partnership agreement or other deed or instrument either by which such participant is constituted or by which such participant's holding of shares is governed.

9.7.4 For the purposes of this Article 9.7 the terms "collective investment scheme", "participant" and "operator" shall have the meanings respectively ascribed thereto by sub-sections (1), (2) and (8) of Section 75 of the Financial Services Act 1986.

9.8 Any "C" and "D" Ordinary Shares or Units may be transferred to or from the Employee Trust.

9.9 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:-

9.9.1 whose shares are also so listed, and

9.9.2 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.

9.10 Any shares which are held by or on behalf of a unit trust or other unincorporated association may be transferred to the holder or holders of units in such unit trust or unincorporated association, subject to the prior approval of a majority of the "B" Directors.

9.11 The Directors may refuse to register any transfer of shares to a person who is (or is a subsidiary of) a trading or manufacturing company (or a subsidiary of the ultimate parent company of such a company) which materially competes with the business of the Company and its subsidiaries, unless such transfer is made pursuant to Article 14.

9.12 No transfer of shares may be made by any person if the effect of such transfer, if it were to be registered, would be to increase the aggregate percentage of the voting power or value of the Company or any of its subsidiaries held by United States Shareholders (as defined in Section 951 of the United States Internal Revenue Code of 1986, as amended) in the Company or its subsidiaries. The Directors shall refuse to register any such purported transfer and any such purported transfer shall be deemed for all purposes to be void ab initio.

- 9.13 Where references are made in Articles 11, 12 and 14.5.2 to "B" Ordinary Shareholders, those "B" Ordinary Shareholders who also hold Convertible Loan Stock shall be deemed in addition to such holdings of "B" Ordinary Shares to hold (apportioned as between them as nearly as may be to their existing holdings of "B" Ordinary Shares) that number of "B" Ordinary Shares as would be allotted to them were all of the Convertible Loan Stock (not already redeemed or converted in accordance with its terms) to convert and references in Articles 11, 12 and 14.5.2 to "B" Ordinary Shares shall be construed accordingly.

10. STAPLING OF PREFERENCE SHARES

- 10.1 A "B" Ordinary Share, a "C" Ordinary Share (except a "C" Ordinary Share allotted pursuant to the Approved Share Option Scheme), a "D" Ordinary Share (except a "D" Ordinary Share allotted pursuant to the Unapproved Share Option Scheme) and an "E" Ordinary Share (except an "E" Ordinary Share allotted pursuant to warrants approved in the Subscription and Shareholders Agreement) allotted with 8.44 Preference Shares as a "Unit" (including any "B" Ordinary Share so allotted but subsequently reclassified as a "C" Ordinary Share) may only be transferred as a Unit and on a redemption of Preference Shares, the number of Preference Shares in a Unit shall be reduced pro rata to the number of Preference Shares redeemed PROVIDED THAT once the number of Preference Shares to be transferred with a number of "B" Ordinary Shares, "C" Ordinary Shares, "D" Ordinary Shares or "E" Ordinary Shares has been calculated, any fraction of a Preference Share shall be disregarded.
- 10.2 Preference Shares may only be transferred if they are included in Units pursuant to Article 10.1.

11. TRANSFERS BY "B" ORDINARY SHAREHOLDERS

- 11.1 Any "B" Ordinary Shareholder wishing to transfer part or all of the "B" Ordinary Shares held by him (the "Retiring Shareholder") shall first give a notice in writing (a "Sale Notice") to the Company specifying the number and de-noting numbers (if any) of the "B" Ordinary Shares and Preference 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 as Units at market value (such value to be determined in accordance with the provisions of Article 11.6) ("Market Value"). A Sale Notice may contain a provision that unless all the Sale Shares are sold by the Company pursuant to this Article none shall so be sold and any such provision shall be binding on the Company.
- 11.2 On receipt of a Sale Notice the Company shall forthwith offer the Sale Shares as Units at Market Value first to all the other "B" Ordinary Shareholders and to all the "E" Ordinary Shareholders simultaneously in proportion as nearly as may be to their existing holdings of "B" Ordinary Shares and "E" Ordinary Shares. Such offers shall to the extent that the same are not accepted within 35 days of the receipt of the Sale Notice by the Company be deemed to be declined and any remaining Sale Shares which have not been accepted as Units shall forthwith be offered at Market Value to those of the "B" Ordinary Shareholders and "E" Ordinary Shareholders who have accepted Sale Shares as Units and if there be more than one such "B" Ordinary Shareholder or "E" Ordinary Shareholder in proportion as nearly as may

be to their existing holdings of "B" Ordinary Shares and "E" Ordinary Shares. Such offer shall to the extent that it is not accepted within 42 days of receipt of the Sale Notice by the Company be deemed to be declined.

11.3 If the Company shall not have found shareholders willing to purchase all of the Sale Shares pursuant to Article 11.2 the Company shall forthwith offer the Sale Shares not so accepted as Units to the "A" Ordinary Shareholders at Market Value in proportion as nearly as may be to their existing holdings of "A" Ordinary Shares. Such offer shall to the extent that the same is not accepted within 63 days of receipt of the Sale Notice by the Company be deemed to be declined and any remaining Sale Shares which have not been accepted as Units shall forthwith be offered at Market Value to the "A" Ordinary Shareholders who have accepted Sale Shares as Units and if there be more than one such "A" Ordinary Shareholder in proportion as nearly as may be to their existing holdings of "A" Ordinary Shares. Such offer shall be to the extent that it is not accepted within 70 days of the receipt of the Sale Notice by the Company be deemed to be declined.

11.4 If the Company shall find purchasing shareholders in respect of all or (except where the Sale Notice provides otherwise) any of the Sale Shares as Units it shall forthwith give notice thereof to the Retiring Shareholder which notice shall provide:-

11.4.1 the price for the Sale Shares is to be Market Value determined in accordance with this Article; and

11.4.2 the Retiring Shareholder shall have the right to revoke his Sale Notice and the purchasing shareholder shall have the right to withdraw from the proposed purchase until either Market Value of the relevant "B" Ordinary Shares and First Preference Shares is agreed between them or the expiry of seven days of the date of the Chartered Accountant's determination of Market Value of the relevant "B" Ordinary Shares and First Preference Shares. In the event of withdrawal the shares comprised in such Sale Notice shall be offered as Units as if the offer to the purchasing shareholder had been declined and all time limits shall be adjusted to run accordingly.

In the event of revocation the offer shall lapse and the provisions of this Article shall apply to any further attempt to transfer the Sale Shares;

11.4.3 if the Retiring Shareholder does not revoke his Sale Notice and the purchasing shareholder does not withdraw as provided above then they shall be bound to complete the sale and purchase within seven days of the end of the period of revocation or withdrawal specified in Article 11.4.2.

11.5 If the Company shall not find purchasing shareholder(s) pursuant to the above provisions for all of the Sale Shares or if through no default of the Retiring Shareholder the purchase of any of the Sale Shares as Units is not completed within the time period specified above the Retiring Shareholder shall be at liberty at any time within one month after the determination of Market Value or if later within four months after the first service of the Sale Notice to transfer as Units such of the Sale Shares as were not accepted by purchasing shareholder(s) or in respect of which the sale was not completed as

aforesaid or (in any case where the Sale Notice stated that the Retiring Shareholder required to sell all and not part only of the Sale Shares) all of the Sale Shares to any person he may wish and at Market Value or any higher or (subject as provided below) lower price PROVIDED THAT 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 shall apply to such further Sale Notice save that Market Value shall be deemed to be such lower price.

11.6 The market value of the Sale Shares shall be determined as follows:

11.6.1 In the case of "B" Ordinary Shares, by agreement between the Retiring Shareholder and the purchasing shareholders but in default of agreement thereon within 49 days of the receipt of the Sale Notice by the Company shall be calculated on the basis of a sale between a willing seller and a willing purchaser (as at the date of the Sale Notice) and shall be determined by an independent Chartered Accountant of not less than five years standing to be agreed between the parties and in default of agreement to be appointed by the President for the time being of The Institute of Chartered Accountants in England and Wales on the application of the Retiring Shareholder or any purchasing shareholder. In so determining the said Chartered Accountant shall act as an expert and not as an arbitrator and his decision shall be final and binding upon the parties. In calculating the market value no regard shall be had to Article 10.1 or to the fact that the transferability of the "B" Ordinary Shares is restricted by these Articles.

11.6.2 In the case of the First Preference Shares at par plus an amount equal to any arrears and accruals of the Basic Preference Dividend and interest thereon and an amount equal to any Extra Preference Dividend declared but not paid plus or minus the SA Factor.

The "SA Factor" shall represent the value (which may be positive or negative) of those rights and restrictions which distinguish a First Preference Share from a Second Preference Share on the basis that, but for such distinction, the market value of a First Preference Share would be the price which would be payable for a Second Preference Share under Article 11.6.3; and in default of agreement thereon within 49 days of the receipt of a Sale Notice by the Company shall be calculated and determined by applying Article 11.6.1 mutatis mutandis.

11.6.3 In the case of Second Preference Shares at par plus an amount equal to any arrears and accruals of the Basic Preference Dividend and interest thereon and an amount equal to any Extra Preference Dividend declared but not paid.

11.7 In the event of the Retiring Shareholder failing to carry out the sale of any of the Sale Shares as Units after the expiry of the time limit for revocation or pursuant to Article 13 the Directors may authorise some person to execute a transfer of the Sale Shares as Units to the purchasing shareholder(s) and the Company may give a good receipt for the purchase price of such Sale Shares and may register the purchasing shareholder(s) as holders thereof and issue to them certificates for the same whereupon the purchasing shareholder(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 shares which the Retiring Shareholder has not become bound to transfer as aforesaid the Company shall issue to the Retiring Shareholder a certificate for such shares.

- 11.8 The cost of obtaining a determination of Market Value of "B" Ordinary Shares or First Preference Shares shall be borne equally by the Retiring Shareholder and the purchasing shareholder(s) PROVIDED THAT 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.

12. TRANSFERS BY "A" ORDINARY SHAREHOLDERS, "C" ORDINARY SHAREHOLDERS
"D" ORDINARY SHAREHOLDERS AND "E" ORDINARY SHAREHOLDERS

The provisions of this Article shall, subject to the provisos to Article 13.1, apply to the transfer whether by way of sale or otherwise of "A" Ordinary Shares, "C" Ordinary Shares, "D" Ordinary Shares and "E" Ordinary Shares.

12.1 "A" Ordinary Shares

12.1.1 In this Article 12.1:-

- (i) "Nominated Transferee" shall mean a person who is an employee of the Company or its subsidiaries nominated by the Board of Directors (including a majority of the "B" Directors); and
- (ii) "Market Value" shall be calculated on the basis referred to in Article 11.6.1.

12.1.2 Any "A" Ordinary Shareholder wishing to transfer part or all of the "A" Ordinary Shares held by him (the "Retiring Shareholder") shall first give a notice in writing (a "Sale Notice") to the Company specifying the number and de-noting numbers (if any) of the "A" Ordinary 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 Sale Shares at Market Value. A Sale Notice may contain a provision that unless all the Sale Shares are sold by the Company pursuant to this Article 12.1 none shall so be sold and any such provision shall be binding on the Company.

12.1.3 On receipt of a Sale Notice the Company shall forthwith offer such proportion of the Sale Shares as the Board of Directors (including a majority of the "B" Directors) may decide at Market Value first to the Nominated Transferee(s). Such offer shall to the extent that the same is not accepted within 35 days of the receipt of the Sale Notice by the Company be deemed to be declined and any remaining Sale Shares which have not been so offered or accepted shall forthwith be offered at Market Value to the other "A" Ordinary Shareholders in proportion as nearly as may be to their existing holdings of "A" Ordinary Shares. Such offer shall to the extent that the same is not accepted within 56 days of the receipt of the Sale Notice be deemed to

be declined and any remaining Sale Shares which have not been so accepted shall forthwith be offered at Market Value to the "A" Ordinary Shareholders who have accepted Sale Shares and if there be more than one such "A" Ordinary Shareholder in proportion as nearly as may be to their existing holdings of "A" Ordinary Shares. Such offer shall to the extent that it is not accepted within 63 days of receipt of the Sale Notice by the Company be deemed to be declined.

12.1.4 If the Company shall not have found persons willing to purchase all of the Sale Shares pursuant to Article 12.1.3 the Company shall forthwith offer the Sale Shares not so accepted to the "B" Ordinary Shareholders and the "E" Ordinary Shareholders at Market Value in proportion as nearly as may be to their existing holdings of "B" Ordinary Shares and "E" Ordinary Shares. Such offer shall to the extent that the same is not accepted within 84 days of receipt of the Sale Notice by the Company be deemed to be declined and any remaining Sale Shares which have not been accepted shall forthwith be offered at Market Value to the "B" Ordinary Shareholders and "E" Ordinary Shareholders who have accepted Sale Shares and if there be more than one such "B" Ordinary Shareholder or "E" Ordinary Shareholder in proportion as nearly as may be to their existing holdings of "B" Ordinary Shares and "E" Ordinary Shares. Such offer shall be to the extent that it is not accepted within 91 days of the receipt of the Sale Notice by the Company be deemed to be declined.

12.1.5 The provisions of Articles 11.4, 11.5, 11.7 and 11.8 shall then apply mutatis mutandis:-

- (i) with references to purchasing shareholder(s) being deemed to include Nominated Transferee(s);
- (ii) with references to "B" Ordinary Shares being deemed references to "A" Ordinary Shares; and
- (iii) with references to Units being ignored.

12.1.6 Any "A" Ordinary Share transferred or issued to a "B" Ordinary Shareholder, a "C" Ordinary Shareholder, a "D" Ordinary Shareholder or an "E" Ordinary Shareholder shall (without further authority than is herein contained being necessary) forthwith on the transfer or issue thereof be deemed to have been converted into:-

- (i) a "B" Ordinary Share if the transferee holds more "B" Ordinary Shares than he holds "C" Ordinary Shares, "D" Ordinary Shares or "E" Ordinary Shares;
- (ii) a "C" Ordinary Share if the transferee holds more "C" Ordinary Shares than he holds "B" Ordinary Shares, "D" Ordinary Shares or "E" Ordinary Shares;
- (iii) a "D" Ordinary Share if the transferee holds more "D" Ordinary Shares than he holds "B" Ordinary Shares, "C" Ordinary Shares or "E" Ordinary Shares; or
- (iv) an "E" Ordinary Share if the transferee holds more "E" Ordinary Shares than he holds "B" Ordinary Shares, "C" Ordinary Shares or "D" Ordinary Shares.

12.2 "C" Ordinary Shares

12.2.1 In this Article 12.2 "Market Value" shall mean the price per share determined pursuant to the latest available six-monthly valuation of the "C" Ordinary Shares and "D" Ordinary Shares, such valuation to be commissioned by the Company from its auditors as at 30th November each year and updated by the Board of Directors as at 31st May each year and to be carried out without regard to the fact that the transferability of the "C" Ordinary Shares and "D" Ordinary Shares is restricted by these Articles or to the fact that the "C" Ordinary Shares or "D" Ordinary Shares constitute a minority interest in the Company.

12.2.2 The provisions of Articles 12.1.2 and 12.1.3 shall apply mutatis mutandis to the transfer of "C" Ordinary Shares

- (i) with references to "A" Ordinary Shares being deemed references to "C" Ordinary Shares;
- (ii) with references to "A" Ordinary Shareholders being deemed references to "C" Ordinary Shareholders;
- (iii) with references to the Nominated Transferee(s) being deemed references to the Employee Trust.

12.2.3 The provisions of Articles 11.4, 11.5 and 11.7 shall then apply mutatis mutandis:-

- (i) with references to "B" Ordinary Shares being deemed references to "C" Ordinary Shares; and
- (ii) with references to Units and First Preference Shares being ignored where the "C" Ordinary Shares being transferred were allotted pursuant to the Approved Share Option Scheme.

12.3 "D" Ordinary Shares

12.3.1 In this Article 12.3:-

- (i) "Nominated Transferee" shall mean a person who is an employee of the Company or its subsidiaries nominated by the Board of Directors (including a majority of the "B" Directors);
- (ii) "Market Value" in the case of "D" Ordinary Shares, shall have the meaning given to that expression in Article 12.2.1 and, in the case of Preference Shares, shall have the meaning given to that expression in Article 11.6.2 or 11.6.3, as appropriate; and
- (iii) references to Units and Preference Shares shall be ignored where the "D" Ordinary Shares being transferred were allotted pursuant to the Unapproved Share Option Scheme.

12.3.2 Any "D" Ordinary Shareholder wishing to transfer part or all of the "D" Ordinary Shares held by him (the "Retiring Shareholder") shall first give a notice in writing (a "Sale Notice") to the Company specifying the number and de-noting numbers (if any) of the "D" Ordinary Shares and Preference 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 as Units at Market Value. A Sale Notice may contain a provision that unless all the Sale Shares are sold by the Company pursuant to this Article 12.3 none shall so be sold and any such provision shall be binding on the Company.

12.3.3 On receipt of a Sale Notice the Company shall forthwith offer such proportion of the Sale Shares as Units as the Board of Directors (including a majority of the "B" Directors) may decide at Market Value first to the Employee Trust. Such offer to the extent the same is not accepted within 42 days of the receipt of the Sale Notice by the Company be deemed to be declined and any remaining Sale Shares which have not been so offered or accepted as Units shall forthwith be offered at Market Value in such proportion as the Board of Directors (including a majority of the "B" Directors) may decide to the Nominated Transferee(s). Such offer shall to the extent that it is not accepted within 70 days of receipt of the Sale Notice by the Company be deemed to be declined.

12.3.4 The provisions of Article 11.4, 11.5 and 11.7 shall then apply mutatis mutandis:-

- (i) with references to purchasing shareholder(s) being deemed to include Nominated Transferee(s); and
- (ii) with references to "B" Ordinary Shares being deemed references to "D" Ordinary Shares.

12.4 "E" Ordinary Shares

12.4.1 The provisions of Article 11 shall apply mutatis mutandis to the transfer of "E" Ordinary Shares:-

- (i) with references to "B" Ordinary Shares being deemed references to "E" Ordinary Shares and vice versa;
- (ii) with references to "B" Ordinary Shareholders being deemed references to "E" Ordinary Shareholders and vice versa; and
- (iii) with references to Units and Preference Shares being ignored where the "E" Ordinary Shares being transferred were allotted pursuant to warrants approved in the Subscription and Shareholders Agreement.

12.4.2 Any "E" Ordinary Share transferred to a person who is not the ultimate parent company of the transferor or any other body corporate controlled directly or indirectly by the transferor's ultimate parent company shall (without further authority than is herein contained being necessary) forthwith on the transfer thereof) be deemed to have been converted into a "B" Ordinary Share.

12.5 Five Year Bar

12.5.1 No "A" Ordinary Share or "D" Ordinary Share may be transferred until the third anniversary of completion of the Subscription and Shareholders Agreement other than pursuant to Article 13.1 or following the cessation of employment of a Retiring Shareholder,

Beneficial Shareholder or Settlor upon or after (if applicable) any operation of the provisions of Article 13.1.

12.5.2 If an "A" Ordinary Share or a "D" Ordinary Share is transferred the Retiring Shareholder shall receive the lesser of the Market Value thereof and the amount paid up on such share or cost of purchase (if higher) (rather than the Market Value thereof) where such transfer is required pursuant to Article 13.1 because of the Resignation or Justified Dismissal of a director or employee of the Company or any of its subsidiaries in either case before the third anniversary of completion of the Subscription and Shareholders Agreement.

12.5.3 No "A" Ordinary Share or "D" Ordinary Share may be transferred until the fifth anniversary of completion of the Subscription and Shareholders Agreement if the Retiring Shareholder, Beneficial Shareholder or Settlor is unable to satisfy the Board of Directors (including a majority of the "B" Directors) that as a result of such transfer the provisions of Article 13.1 could be complied with in the event of the Unjustified Dismissal of a director or employee of the Company or any of its subsidiaries.

13. SHAREHOLDERS WHO ARE DIRECTORS OR EMPLOYEES

- 13.1 In any case where an "A" Ordinary Shareholder or "D" Ordinary Shareholder or a person who in relation to such a shareholder is a Beneficial Shareholder or a Settlor ceases (a) because of his Unjustified Dismissal to be either a director or an employee of the Company or any of its subsidiaries (and is not continuing as either a director or an employee of the Company or of any subsidiary of the Company, as the case may be) or (b) has ceased to be such a director or employee because of his Unjustified Dismissal and after such cessation acquires shares in pursuance of a right or interest obtained as a director or employee, he and any person holding shares for him pursuant to Article 9.2 or transferred by him pursuant to Article 9.3 shall be deemed to have served a Sale Notice pursuant to Article 12 in respect of such proportion of his holding of "A" Ordinary Shares and "D" Ordinary Shares as shall be determined by the following table:-

Years from completion of the Subscription
and Shareholders Agreement

Up to 1	Up to 2	Up to 3	Up to 4	Up to 5
all	90%	80%	20%	10%

In any case where an "A" Ordinary Shareholder or "D" Ordinary Shareholder or a person who in relation to such a shareholder is a Beneficial Shareholder or a Settlor ceases (a) because of his Resignation or Justified Dismissal to be either a director or an employee of the Company or any of its subsidiaries (and is not continuing as either a director or an employee of the Company or of any subsidiary of the Company, as the case may be) or (b) has ceased to be such a director or employee because of his Resignation or Justified Dismissal and after such cessation acquires shares in pursuance of a right or interest obtained as a director or employee, he and any person holding shares for him pursuant to Article 9.2 or transferred by him pursuant to Article 9.3 shall be deemed to have

served a Sale Notice pursuant to Article 12 in respect of his entire holding of "A" Ordinary shares and "D" Ordinary Shares.

The provisions of Article 12 shall apply in relation to such a Sale Notice PROVIDED THAT:-

- (i) a Sale Notice deemed to be given by such director or employee in the circumstances herein referred to shall not be capable of revocation; and
- (ii) a Sale Notice deemed to be given by such director or employee in the circumstances herein referred to may not include a provision that unless all the Sale Shares are sold none shall be so sold.

13.2 In any case where an "A" Ordinary Shareholder or "D" Ordinary Shareholder or a person who in relation to such a shareholder is a Beneficial Shareholder or a Settlor ceases (for whatever reason) to be either a director or an employee of the Company or any of its subsidiaries (and is not continuing as either a director or employee of the Company or of any subsidiary of the Company as the case may be) or has ceased to be such a director or employee and after such cessation acquires shares in pursuance of a right or interest obtained as a director or employee no votes shall attach to his "A" Ordinary Shares and "D" Ordinary Shares and the votes which were previously attached to such shares shall be attributed to the other "A" Ordinary Shareholders who have votes in proportion as nearly as may be to their holdings of "A" Ordinary Shares PROVIDED THAT

- (i) all such shares so disenfranchised shall on transfer to an existing shareholder in accordance with these Articles be re-enfranchised; and
- (ii) this Article 13.2 shall not apply so as to disenfranchise "A" Ordinary Shares if its effect would be that no person was entitled to exercise the votes attaching to the "A" Ordinary Shares.

14. TRANSFERS CHANGING CONTROL AND LISTING

14.1 Notwithstanding anything in these Articles no sale or transfer of any "A" Ordinary Shares, "B" Ordinary Shares, "C" Ordinary Shares, "D" Ordinary Shares or "E" Ordinary Shares to any person which would result in a person or persons who in relation to each other are Connected Persons or persons acting in concert within the meaning of the City Code on Takeovers and Mergers whether or not then a member of the Company obtaining or increasing a 30 per cent. interest (the "Specified Shares") shall be made or registered unless before the transfer the proposed transferee or his nominees has made an offer (stipulated to be open for acceptance for at least twenty-eight days) to purchase all the other "A" Ordinary Shares, "B" Ordinary Shares, "C" Ordinary Shares, "D" Ordinary Shares and "E" Ordinary Shares and all the Gravelgrove Minority Shares (together with any such shares which may be issued to option holders or warrant holders (including the holders of warrants issued pursuant to the Gravelgrove Warrant Instrument) or Convertible Loan Stockholders if the requisite number of shareholders accept such offer) at the Specified Price (as hereinafter defined) and the Preference Shares and the Gravelgrove

Preference Shares at the price which would be payable for such shares if they were to be redeemed twenty eight days from the making of such offer (provided that the SA Factor shall be the determinant of the amount by which the First Preference Shares are worth more or less than the Second Preference Shares) which offer every shareholder shall be bound within twenty-eight days of the making of such offer to him either to accept or reject in writing (and in default of so doing shall be deemed to have rejected the offer).

14.2 For the purpose of this Article

14.2.1 the expression "a 30 per cent. interest" shall mean:

- (i) (a) "A" Ordinary Shares, "B" Ordinary Shares, "C" Ordinary Shares, "D" Ordinary Shares and "E" Ordinary Shares of the Company; and
- (b) Gravelgrove Minority Shares which, if exchanged for "B" Ordinary Shares on the basis that one Gravelgrove Minority Share confers the right to the Relevant Multiple of "B" Ordinary Shares

which confer or would confer in the aggregate 30 per cent. or more of the total voting rights conferred by all the shares in the capital of the Company for the time being in issue (after taking into account the hypothetical exchange) and conferring the right to vote at all general meetings excluding any voting rights for the time being exercisable by the holders of Preference Shares; or

- (ii) shares conferring in the aggregate 30 per cent or more of the total voting rights conferred by all the shares in the capital of the Company for the time being in issue and conferring the right to vote at all general meetings excluding any voting rights for the time being exercisable by the holders of Preference Shares; or
- (iii) shares conferring in the aggregate 30 per cent or more of the total voting rights conferred by all the shares in the capital of Gravelgrove for the time being in issue and conferring the right to vote at all general meetings

and in each case including "A" Ordinary Shares, "B" Ordinary Shares, "C" Ordinary Shares, "D" Ordinary Shares and "E" Ordinary Shares of the Company and/or Gravelgrove Minority Shares held by all persons who in relation to each other are Connected Persons or persons acting in concert within the meaning of the City Code on Takeovers and Mergers

"An 85 per cent. interest" shall be construed accordingly;

14.2.2 the expressions "transfer", "transferor" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment, the original allottee and the renounee under any such letter of allotment; and

14.2.3 the "Specified Price" shall be calculated as if the holders of the Gravelgrove Minority Shares had the immediate right to exchange each Gravelgrove Minority Share for the Relevant Multiple of "B"

Ordinary Shares and shall mean a price per share at least pari passu with the highest price per share offered or paid or payable by the proposed transferee or transferees or his or their nominees for the Specified Shares to the holders thereof plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the Specified Shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the Specified Shares. The Specified Price shall be satisfied by its cash equivalent if or to the extent that, in the reasonable opinion of the offeree, the offeree would violate the Californian Law by accepting another form of consideration offered to shareholders.

14.2.4 the "SA Factor" shall represent the value (which may be positive or negative) of those rights and restrictions which distinguish a First Preference Share from a Second Preference Share on the basis that, but for such distinctions, the price payable for a First Preference Share should be the price payable for a Second Preference Share if it were to be redeemed twenty eight days from the making of the offer; and the SA Factor shall represent at least the maximum amount attributed to such value (if the value is positive) or the minimum amount attributed to such value (if the value is negative) by the proposed transferee or transferees or his or their nominees.

In the event of disagreement on the calculation of the Specified Price or the SA Factor the disagreement shall be referred to an umpire (acting as expert and not as arbitrator) nominated by and acting at the joint expense of the parties concerned (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales at the request of any of the parties concerned) whose decision shall be final and binding.

14.3.1 If as the result of an offer made pursuant to Article 14.1 any person or persons who in relation to each other are Connected Persons or persons acting in concert within the meaning of the City Code on Takeovers and Mergers ("Acquiring Shareholder(s)") acquires an 85 per cent. interest the Acquiring Shareholder(s) may by written notice to the Company require the Company as agent for the Acquiring Shareholder(s) to serve notices (each a "Compulsory Purchase Notice") on the holders of "A" Ordinary Shares, "B" Ordinary Shares, "C" Ordinary Shares, "D" Ordinary Shares and "E" Ordinary Shares who have not accepted such offer ("the Minority Shareholders") requiring them to sell such shares at the Specified Price to person(s) identified by the Acquiring Shareholder(s). The Company shall serve the Compulsory Purchase Notices forthwith and for 28 days from the service of the Compulsory Purchase Notices the Minority Shareholders shall not be entitled to transfer their "A" Ordinary Shares, "B" Ordinary Shares, "C" Ordinary Shares, "D" Ordinary Shares or "E" Ordinary Shares to anyone except the person(s) identified by the Acquiring Shareholder(s). If any Minority Shareholders have not so transferred their shares within 28 days from the service of the Compulsory Purchase Notice, the Acquiring Shareholder(s) shall promptly procure the delivery to the Company of the Specified Price therefor and forthwith upon receipt thereof the Directors may authorise some person to execute transfers of the relevant shares to the person(s) identified by the Acquiring Shareholder(s). The Company may give a good receipt for the Specified Price for the relevant shares and may

register the person(s) identified by the Acquiring Shareholder(s) as holders thereof and issue to them certificates for the same whereupon such person(s) shall become indefeasibly entitled thereto. The Minority Shareholders shall in such case be bound to deliver up their certificates for their "A" Ordinary Shares, "B" Ordinary Shares, "C" Ordinary Shares, "D" Ordinary Shares and "E" Ordinary Shares to the Company. A Minority Shareholder so delivering up such certificate(s) shall be entitled to receive the Specified Price for the relevant shares which shall in the mean time be held by the Company on trust for the Minority Shareholder but without interest.

14.3.2 If the Acquiring Shareholder(s) so require by written notice to the Company, or if Gravelgrove or the Company enters into a scheme of reconstruction or amalgamation under the Act, the Company shall forthwith serve notice on the holders of the Gravelgrove Minority Shares offering to purchase such shares at the Specified Price and on the holders of the Gravelgrove Preference Shares offering to purchase such shares at the price payable therefor pursuant to Article 14.1 ("the Gravelgrove Preference Share Price") on the basis that:-

- (i) the Specified Price and the Gravelgrove Preference Share Price shall be satisfied by its cash (UK sterling) equivalent if or to the extent that, in the reasonable opinion of the offeree, the offeree would violate the Californian Law by accepting another form of consideration offered to the shareholders or if the Company so elects;
- (ii) the offer may be accepted by the delivery to the Company at its registered office of duly executed stock transfer forms and relevant share certificates on or before a specified date (which shall be not less than seven nor more than 14 days from the making of the offer);
- (iii) the offer will not be withdrawn until and shall expire on the specified date; and
- (iv) subject to due acceptance of the offer, the Company will satisfy the Specified Price and the Gravelgrove Preference Share Price or its cash equivalent, as the case may be, upon the specified date.

14.4 If the holders or 75 per cent or more of the "A" Ordinary Shares, "B" Ordinary Shares, "C" Ordinary Shares, "D" Ordinary Shares and "E" Ordinary Shares (taken together) resolve to seek a Listing on terms approved by the Company in general meeting no shareholder may exercise the rights attaching to the class of shares he holds, including the rights conferred by Articles 15 and 16, so as to prevent such Listing from taking place.

14.5 If any Gravelgrove Minority Shares are offered for sale ("Gravelgrove Sale Shares") under Article 10 of the Articles of Association of Gravelgrove adopted pursuant to a special resolution passed on the date hereof or under the Gravelgrove Warrant Instrument and the Company becomes entitled to nominate a purchaser or purchasers for such shares, the following provisions shall apply:-

14.5.1 For the purpose of this Article "Gravelgrove Minority Shares" shall be deemed to include warrants constituted by the Gravelgrove Warrant Instrument;

14.5.2 Forthwith upon receiving notification of the proposed sale of the Gravelgrove Minority Shares, the Company shall notify the "B" Ordinary Shareholders and the "E" Ordinary Shareholders that Gravelgrove Minority Shares have been offered for sale, specifying the number of Gravelgrove Sale Shares. A majority of the "B" Ordinary Shareholders and "E" Ordinary Shareholders shall then be entitled to nominate, as purchaser(s) for the Gravelgrove Sale Shares in such proportions as they specify, any "B" Ordinary shareholder(s) or "E" Ordinary Shareholder(s) or any person who is in relation to such a shareholder, its ultimate parent company or any other body corporate controlled directly or indirectly by its ultimate parent company, on the basis that the purchase price for the Gravelgrove Sale Shares shall be market value determined in accordance with the said Article 10. If, 30 days from the Company's receipt of the notification, purchasers have not been nominated for all the Gravelgrove Sale Shares, the Company shall offer the remaining Gravelgrove Sale Shares at market value (determined in accordance with the said Article 10) first to all the "B" Ordinary Shareholders and "E" Ordinary Shareholders in proportion as nearly as may be to their existing holdings of "B" Ordinary Shares and "E" Ordinary Shares. Such offer shall to the extent that the same is not accepted with 44 days of receipt of the notification by the Company be deemed to be declined and any remaining Gravelgrove Sale Shares which have not been accepted shall forthwith be offered at market value (determined in accordance with the said Article 10) to those of the "B" Ordinary Shareholders and "E" Ordinary Shareholders who have accepted Gravelgrove Sale Shares and if there be more than one such "B" Ordinary Shareholder or "E" Ordinary Shareholder in proportion as nearly as may be to their existing holdings of "B" Ordinary Shares and "E" Ordinary Shares. Such offer shall to the extent that the same is not accepted with 50 days of receipt of notification by the Company be deemed to be declined.

15. MATTERS REQUIRING CONSENT OF "B" DIRECTORS

In addition to any other authority required in law the following matters all require to be authorised by a majority of the "B" Directors in writing (or, if at the relevant time the Company has no "B" Directors, by the holders of a majority of the "B" Ordinary Shares) to the intent that this Article shall be a special right of the "B" Ordinary Shareholders as a class

- 15.1 the adoption of a consolidated budget (which shall be prepared by the executive Directors for each financial year of the Company and shall, inter alia, detail the amount and nature of revenue proposed to be earned and capital expenditure proposed to be incurred by the Company and its subsidiaries during such year) (the "Budget")
- 15.2 the sale, lease, transfer or other disposition in any financial year of the Company of
 - (a) the whole, or any significant part, of the undertaking of the Company;
 - (b) a subsidiary of the Company; or

- (c) the whole, or any significant part of the undertaking of a subsidiary of the Company

which is not contemplated by the Budget or which takes place when, having aggregated all disposals in any one financial year of the Company and its subsidiaries, the Company and its subsidiaries have disposed of net assets representing £600,000 more than disposals contemplated by the Budget or which would cause such threshold to be broken;

- 15.3 the commencement of any action to wind up or dissolve the Company or any subsidiary of the Company;
- 15.4 the alteration of the accounting reference date of the Company or any subsidiary of the Company;
- 15.5 any variation in the authorised or issued share capital (other than the issue of shares pursuant to warrants approved by the Subscribers and issued on the completion of the Subscription and Shareholders Agreement or the issue of shares and warrants pursuant to Clause 8 of the Subscription and Shareholders Agreement) or loan capital or the creation or the granting of any options or other rights to subscribe for shares or to convert into shares in the capital of the Company or any subsidiary of the Company;
- 15.6 any capital expenditure by the Company and its subsidiaries in any one financial year of the Company of an amount representing more than £50,000 and which is not contemplated by the Budget or which takes place when capital expenditure by the Company and its subsidiaries in such financial year has exceeded that contemplated by the Budget by more than £600,000 or which would cause such threshold to be broken;
- 15.7 any material change in the nature of the business of the Company or its principal subsidiaries;
- 15.8 the creation of any one or more mortgages, charges or encumbrances other than pursuant to the Facility Agreement or Mezzanine Loan Agreement on any asset of the Company or its subsidiaries to secure an amount or amounts aggregating in any one financial year of the Company, in excess of £50,000 or the giving by the Company or any of its subsidiaries of any guarantee for such an amount or amounts;
- 15.9 the entry into or any variation of any Shareholder-related Contract or any variation of the remuneration or other benefits payable thereunder or the waiver of any breach thereof;
- 15.10 the making by the Company or any of its subsidiaries of any contract outside the ordinary course of their respective businesses or otherwise than an arm's length for an amount representing more than £5,000 and which is not contemplated by the Budget;
- 15.11 any alteration to the Memorandum or Articles of Association of the Company or any of its subsidiaries;
- 15.12 entering into by the Company or any of its subsidiaries of any lease, licence, tenancy or other similar obligation which is not contemplated by the Budget or which takes place at a time when, having aggregated all such commitments entered into by the Company and its subsidiaries

in the relevant financial year, the Company and its subsidiaries have committed to expenditure £100,000 in excess of that contemplated by the Budget or which would cause such threshold to be broken;

- 15.13 the declaration or distribution of any dividend or other payment out of the distributable profits of the Company (other than dividends payable in respect of the Preference Shares and the redemption of the Preference Shares) or the reduction of any other reserve;
- 15.14 the incorporation of a new subsidiary or the purchase of any shares in any company;
- 15.15 the appointment of any director to the Board of the Company or any operating subsidiary of the Company;
- 15.16 the appointment of any auditors of the Company or of any subsidiary of the Company (other than the reappointment of an existing auditor);
- 15.17 any change in the accounting policies of the Company and its subsidiaries other than as may be required by changes in accounting standards from time to time.

16. MATTERS REQUIRING CONSENT OF "A" ORDINARY SHAREHOLDERS

In addition to any other authority required in law the following matters all require to be authorised by a majority of the "A" Ordinary Shareholders in writing to the intent that this Article shall be a special right of the "A" Ordinary Shareholders as a class

- 16.1 any variation in the authorised or issued share capital or the creation or granting of any options or other rights to subscribe for shares or convert into shares in the capital of the Company or any subsidiary other than:-
 - (i) in the case of the Company and its subsidiaries, as contemplated by the Subscription and Shareholders Agreement and any documents referred to therein and in the share structure chart annexed thereto;
 - (ii) in the case of any subsidiary, any issue of shares to the existing holders of equity shares in the relevant subsidiary in proportion to such holdings: and
 - (iii) in the case of the Company, in compliance with the provisions of Article 7, when it is reasonably necessary to raise additional funds for the Company and its subsidiaries to carry on business in the ordinary course (disregarding the effect of any acquisitions other than any which have been approved by a majority of the "A" Ordinary Shareholders or which are referred to in the Subscription and Shareholders Agreement and any documents referred to therein and in the group structure chart annexed thereto) and such funding cannot reasonably be raised by borrowings by the Company and its subsidiaries;
- 16.2 any alteration to the Memorandum and Articles of Association of the Company or Gravelgrove including the alteration of the rights attaching to any class of shares of the Company or Gravelgrove other

than as may reasonably be necessary for the purposes of or in the course of a fund-raising exercise covered by Article 16.1 (iii);

- 16.3 the making by the Company or any of its subsidiaries of any contract outside the ordinary course of their respective businesses or otherwise than at arms length for an amount representing more than £5,000 and which is not contemplated by the Budget;
- 16.4 any material change in the nature of the business of the Company or its principal subsidiaries;
- 16.5 the entry into or variation of any Shareholder-related Contract (and for the purpose of this Article the words "B" Ordinary Shareholder, "E" Ordinary Shareholder or holder of Gravelgrove Minority Shares" shall be deemed to replace the references to an "A" Ordinary Shareholder in the definition of Shareholder-related Contract set out in Article 1)
- 16.6 the disposal by the Company of any of its interest in Gravelgrove;
- 16.7 the commencement of any action to wind up or dissolve Gravelgrove.

17. ADJOURNED MEETINGS

If a meeting is adjourned under Regulation 41 of Table A because a quorum is not present, and at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the shareholders present shall form a quorum, and Regulation 41 of Table A shall be modified accordingly.

18. POLLS

A poll may be demanded by the Chairman or by any shareholder present in person or by proxy and having the right to vote at the meeting and Regulation 46(b) of Table A shall be modified accordingly.

19. DIRECTORS' BORROWING POWERS

- 19.1 The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital and to issue debentures, debenture stock and other securities as security for any debt, liability or obligation of the Company or of any third party PROVIDED THAT the Directors shall procure that (except with the written consent of a majority of the "B" Directors) the aggregate of the amounts for the time being remaining undischarged or owing by the Company and its subsidiaries by way of borrowed monies (but excluding the Convertible Loan Stock, any inter-company loans, mortgages and charges) shall not exceed £400 million.
- 19.2 For the purposes of this Article "borrowed monies" shall be deemed to include the following except in so far as otherwise taken into account:-
 - 19.2.1 the aggregate amounts outstanding in respect of facilities afforded to the Company and its subsidiaries from any bank, acceptance house, financial institution or any other person whatsoever, whether by way of overdraft, loan, acceptance credit or otherwise howsoever;

19.2.2 any sums of money the repayment whereof by a person other than the Company or any subsidiary is the subject of a guarantee or indemnity by the Company or its subsidiaries;

19.2.3 any amounts included in the balance sheet or the notes thereto representing the liability in respect of leases and hire purchase commitments;

19.2.4 the principal amount of any debenture (whether secured or unsecured) of any of the Company and its subsidiaries owned otherwise than by any of the Company and its subsidiaries;

19.2.5 the principal amount of any preference share capital of any subsidiary owned otherwise than by any of the Company and its subsidiaries; and

19.2.6 any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing.

19.3 A report by the Auditors as to the aggregate amount which may at any one time in accordance with the provisions of this Article be owing by the Company and its subsidiaries shall be conclusive in favour of the Company and all persons dealing with the Company.

19.4 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 in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent either:-

19.4.1 at the rate of exchange prevailing on that day in London provided that all but not some only 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); or

19.4.2 to the extent that the repayment of such moneys is specifically covered by a forward purchase contract at the rate of exchange specified therein.

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

20. DIRECTORS

20.1 Unless otherwise determined by ordinary resolution the number of Directors (other than alternate directors) shall be not less than four.

- 20.2 A Director shall not retire by rotation and a Director appointed to fill a casual vacancy or as an addition to the Board shall not retire from office at the Annual General Meeting next following his appointment. Regulations 78 and 79 of Table A shall be modified accordingly.
- 20.3 The office of Director shall be vacated if the Director in the reasonable opinion of all his co-Directors becomes incapable by reason of mental disorder of discharging his duties as Director, and Regulation 81 of Table A shall be modified accordingly.
- 20.4 The Directors may exercise all the powers of the Company to purchase and maintain for any Director or other Officer (including former Directors and other Officers) or any other person insurance against any liability for negligence, default, breach of duty or any other liability which may be lawfully insured against.

21. "B" DIRECTORS

- 21.1 The holders of a majority of the "B" Ordinary Shares shall be entitled to appoint and remove four Directors of the Company ("B" Directors") and each "B" Director shall be entitled to receive an annual fee of £15,000 plus VAT payable quarterly in arrears in respect of such appointment together with all expenses reasonably incurred by him in connection with his appointment as a Director. Such appointment and removal shall be made by notice in writing served upon the Company at its registered office.
- 21.2 A majority of the "B" Directors shall be entitled to appoint and remove one of the "B" Directors as Chairman of the Board of Directors, any such appointment to be approved by a majority of the executive Directors, their approval not to be unreasonably withheld. Such appointment and removal shall be made by notice in writing served upon the Company at its registered office.

22. DIRECTORS' FEES

Unless otherwise determined by the Company by ordinary resolution, there shall be paid to each Director (other than an alternate Director, a "B" Director or a Director entitled to receive any salary, remuneration or other amounts pursuant to other provisions of these Articles) such fee (not exceeding £20,000 (plus any applicable VAT) per annum or such larger amount as the Company may determine by ordinary resolution) for his services in the office of Director as the Directors may decide, together with all expenses reasonably incurred by him in connection with his appointment as a Director. Any fee payable pursuant to this Article shall accrue from day to day.

23. BOARD MEETINGS

- 23.1 Any Director or his alternate may validly participate in a meeting of the Directors or a committee of Directors through the medium of conference telephone or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to the Act, all business transacted in such manner by the Directors or a committee of the Directors shall for the purposes of

the Articles be deemed to be validly and effectively transacted at a meeting of the Directors or of a committee of the Directors notwithstanding that fewer than two Directors or alternate Directors are physically present at the same place. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting then is.

- 23.2 Meetings of the Board of Directors shall take place no less frequently than once per calendar month and at least seven clear working days notice of each meeting shall be given to each Director provided that a majority in number of the Directors agree to less frequent meetings and/or to a shorter period of notice then board meetings may be called less frequently and/or on such agreed shorter period of notice provided further that such majority so agreeing must include a majority of the "B" Directors. All Board Meetings shall take place in the United Kingdom save with such agreement as aforesaid.