

No 2479336




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THE COMPANIES ACTS 1985 and 1989

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Company Limited by Shares

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RESOLUTION

of

Phoenix Group Limited

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Passed 7 February 1997

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At an Extraordinary General Meeting of Phoenix Group Limited, duly convened and held on 7 February 1997, the following Resolution was duly passed as a Special Resolution:

Resolution

- (1) THAT the share capital of the Company be hereby increased by £100,292.20 from £35,400 to £135,692.20 by the creation of:
  - (a) 1,600 additional Ordinary Shares of 10p each ranking *pari passu* and as a single uniform class with the existing Ordinary Shares in the capital of the Company;
  - (b) 10,000,000 Preference Shares of 1p each having the rights and being subject to the restrictions set forth in paragraph (2) of this Resolution; and
  - (c) 1,322 'M' Capital Shares of 10p each having the rights and being subject to the restrictions set forth in paragraph (3) of this Resolution.
- (2) THAT the Preference Shares of 1p each created by paragraph (1)(b) of this Resolution ("the Preference Shares") shall have the following rights and be subject to the following restrictions:

*As to Income*

The holders of the Preference Shares shall be entitled, in priority to any payment of dividends on any other class of shares, to a cumulative preferential dividend on the nominal amount of such shares to be paid, if and so far as in the opinion of the Directors the profits of the Company available for distribution justify such payments, half-yearly on 30 June and 31 December in every year in respect of the half-years ending on those dates to be calculated, in respect of each such half-year, at the rate of 100 times the Base Rate of Barclays Bank PLC as at 1000 hours (London time) on the

the first business day in such half-year. The first such payment shall be made on 30 June 1997 in respect of the period commencing on the date of issue of the Preference Shares.

*As to Capital*

On a return of assets on a winding-up or otherwise, the assets of the Company available for distribution among the members shall be applied first in repaying to the holders of the Preference Shares the amounts paid on such shares together with a premium of 99p per share and also a sum equal to any arrears or deficiency of the fixed dividend thereon, to be calculated down to the date of the return of capital and to be payable irrespective of whether or not such dividend has been declared or earned.

*As to Voting*

The Preference Shares shall not entitle the holders (a) to vote upon any resolution (other than the a resolution for winding-up the Company or reducing its share capital or a resolution directly and adversely varying or abrogating any of the special rights attached to the Preference Shares) unless at the date of the notice convening the meeting at which such resolution is to be proposed the dividend on the Preference Shares is at least six months in arrears (and so that for this purpose the dividend shall be deemed to be payable as hereinbefore provided) or (b) to receive notice of or to attend at any General Meeting unless the business of the meeting includes the consideration of a resolution upon which such holders are entitled to vote.

*As to Redemption*

Either the Company in relation to all the Preference Shares, or any holder of any of the Preference Shares in relation to all (but not part only) of the Preference Shares held by him, may give written notice to the other specifying a date ("the Original Redemption Date"), not being earlier than ten days after the giving of such notice, upon which the related Preference Shares shall, subject as hereinafter provided, be redeemed by the delivery by the holder thereof to the Company at its registered office of the certificate(s) therefor and the payment by the Company to such holder (or, in the case of joint holders, to the holder whose name stands first in the Register of Members in respect of such shares) the amount which such holder would have been entitled to receive on a winding-up of the Company as hereinbefore provided. Upon the giving of such notice the following additional provisions shall apply:

- (a) the Directors may, if they think fit, initiate the statutory procedure for re-registering the Company as an unlimited company, (if they have not already done so), in which event all shareholders shall be bound to assent to such re-registration (and for this purpose any Director of the Company shall be entitled so to assent on behalf of all shareholders) and so that, if they do (or have already done) so, there shall be substituted for the Original Redemption Date a New Redemption Date, being the later of:
  - (i) the Original Redemption Date; and
  - (ii) the date seven days after such re-registration shall have become effective (or, if earlier, 30 days after the Original Redemption Date);
- (b) the Company shall forthwith give notice of such proposed redemption to the holders of all the issued Preference Shares and 'A' Ordinary Shares in the

capital of the Company, specifying the Original Redemption Date and, if applicable, the New Redemption Date;

- (c) thereafter the holders of all or part of the issued 'A' Ordinary Shares (if more than one, specifying appropriate proportions *inter se*) may by written notice ("a Call Option Notice") require the sale by the holders of the relevant Preference Shares and to the givers of the Call Option Notice for a consideration equal to the amount that would have been payable by the Company to the holders thereof upon the redemption of the relevant Preference Shares ;
  - (d) any such Call Option Notice shall have the effect of requiring such sale and purchase to be completed on such date as may be specified in such notice not being earlier than three days following service thereof nor later than the business day prior to the Original (or, if applicable, the New) Redemption Date at the registered office of the Company, and upon such completion the holders of the relevant Preference Shares shall deliver the certificates therefor together with duly executed instruments of transfer and the holders of the relevant 'A' Ordinary Shares shall pay to the holders of such Preference Shares (or, in the case of joint holders, to the holder whose name stands first in the Register of Members in respect of such shares) a consideration equal to the amount that would have been payable by the Company to the holders of the relevant Preference Shares upon their redemption on the Original (or, if applicable, the New) Redemption Date;
  - (e) where any Preference Share is sold and purchased as hereinbefore provided, the notice given in respect thereof shall cease to have effect;
  - (f) if such redemption shall not be effected by the Company, and such sale and purchase shall not have been completed, in either case as hereinbefore provided on or before the Original (or, if applicable, the New) Redemption Date, then the holder(s) of any relevant Preference Shares shall be entitled by written notice to all the holders of 'A' Ordinary Shares to require such holders (in default of any agreement to the contrary, *pro rata* to their respective holdings) to purchase the relevant Preference Shares for the like consideration as applied under paragraph (c) above (in which event paragraph (d) above shall *mutatis mutandis* apply but with the substitution of the fifth business day following the giving of such notice for the business day prior to the Original (or, if applicable, the New) Redemption Date) ; and
  - (g) if such purchase shall not have been completed on or before such fifth business day, then the holders of any relevant Preference Shares shall be further entitled to convene an Extraordinary General Meeting of the Company at which an Extraordinary Resolution shall be proposed to wind up the Company (and so that, upon such resolution, the holders of the relevant Preference Shares shall together be entitled to cast such number of votes as shall exceed by one 75% of all the votes that could be cast in relation to such resolution).
- (3) THAT the 'M' Capital Shares of 10p each created by paragraph (1)(c) of this Resolution ("the 'M' Capital Shares") shall have the like rights as the 'A' Capital Shares save that, upon a return of assets on a winding-up or otherwise, the amount receivable by the holder of each such share under Article 2.4(b) of the Company's Articles of Association shall be reduced by £874.93.

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- (4) THAT the Directors be hereby generally and unconditionally authorised, for the period of three months following the passing of this Resolution, to allot all or any of the additional shares created by the foregoing paragraphs of this Resolution, and so that Section 89(1) of the Companies Act 1985 shall not apply to any such allotments.
- (5) THAT the rights attaching to the 'A' Ordinary Shares in the capital of the Company be hereby altered to the intent that, if the holders of a majority of the issued 'A' Ordinary Shares so require by written notice to the Company, each holder of 'A' Ordinary Shares shall be entitled to receive a bonus issue of Preference Shares or (if he so elects) a cash dividend. The following additional provisions apply to such entitlement:
- (a) a holder of 'A' Ordinary Shares shall be entitled to receive, in respect of each 'A' Ordinary Share held by him:
    - (i) if he receives Preference Shares, that number of Preference Shares equal to 900,000 divided by the number of 'A' Ordinary Shares then in issue; and/or
    - (ii) if he elects to receive a cash dividend, the lower of £900,000 and an amount equal to 50% of the Company's then distributable reserves, in either case divided by the number of 'A' Ordinary Shares then in issue;
  - (b) for the purpose of satisfying elections to receive Preference Shares as hereinbefore provided, the Directors shall capitalise, out of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) as the Directors may determine, a sum equal to the aggregate nominal amount of Preference Shares to be so allotted and apply it in paying up in full the appropriate number of unissued Preference Shares for allotment as hereinbefore provided; and
  - (c) the aggregate of the sums referred to in paragraphs A and B of Article 2.3(d)(i) of the Company's Articles of Association shall be reduced by £900,000.
- (6) THAT the rights attaching to the 1,322 'A' Capital Shares of 10p each in the capital of the Company registered in the joint names of Philip Seers, Martin Smith and David Reid Scott be hereby altered to the intent that the holders of the same may, by written notice to the Company, elect to convert all or part of the same into the like number of 'M' Preference Shares of 10p each having the rights and being subject to the restrictions set forth in paragraph (7) of this resolution.
- (7) THAT the 'M' Preference Shares of 10p each which arise upon a conversion effected pursuant to paragraph (6) of this Resolution ("the 'M' Preference Shares") shall have the following rights and be subject to the following restrictions:

*As to Income*

The holders of the 'M' Preference Shares shall be entitled, subject to the rights of the holders of the Preference Shares but otherwise in priority to any payment of dividends on any other class of shares, to a fixed cumulative preferential dividend at the rate of 4374.65% per annum to be paid, if and so far as in the opinion of the Directors the profits of the Company available for distribution justify such payments, half yearly on 30 June and 31 December in every year in respect of the half-years

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ending on those dates. The first such payment shall be made on 30 June 1997 in respect of the period commencing on the date of issue of the Preference Shares,

## *As to Capital*

On a return of assets on a winding-up or otherwise, the assets of the Company available for distribution among the members shall be applied, subject only to the rights of the holders of the Preference Shares, in repaying to the holders of the 'M' Preference Shares the amounts paid on such shares together with a premium of £874.92 per share and also (unless the Company shall be wound up within six months of the date of issue of the Preference Shares) a sum equal to any arrears or deficiency of the fixed dividend thereon, to be calculated down to the date of the return of capital and to be payable irrespective of whether or not such dividend has been declared or earned.

## *As to Voting*

The 'M' Preference Shares shall not entitle the holders (a) to vote upon any Resolution (other than the Resolution for winding-up the Company or reducing its share capital or a Resolution directly and adversely varying or abrogating any of the special rights attached to the 'M' Preference Shares) or (b) to receive notice of or to attend at any General Meeting unless the business of the meeting includes the consideration of a Resolution upon which such holders are entitled to vote.

- (8) THAT the rights attaching to the 'A' Capital Shares in the capital of the Company be hereby altered to the intent that any holder of the same may, by written notice to the Company, elect to convert the same into the like number of 'B' Capital Shares having the rights and being subject to the restrictions set forth in paragraph (9) of this Resolution.
- (9) THAT the 'B' Capital Shares of 10p each which arise upon a conversion effected pursuant to paragraph (8) of this Resolution ("the 'B' Capital Shares") shall have the same rights and be subject to the same restrictions as the 'A' Capital Shares save that, upon a sale of a majority of the issued share capital of the Company which either is *ab initio* or becomes unconditional in all respects (an "Unconditional Sale"), each holder of 'B' Capital Shares shall be entitled to receive a bonus issue of Preference Shares or (if he so elects) a cash dividend. The following additional provisions apply to such entitlement:
  - (a) a holder of 'B' Capital Shares shall be entitled to receive, in respect of each 'B' Capital Share held by him:
    - (i) if he receives Preference Shares, that number of Preference Shares which have a nominal amount equal to 1% of the value placed upon an 'A' Capital Share by such Unconditional Sale as determined by the Board ("the ACS Sale Value"); and/or
    - (ii) if he elects to receive a cash dividend, the lower of (α) the ACS Sale Value and (β) an amount equal to 50% of the Company's then distributable reserves divided by the number of 'B' Capital Shares then in issue;
  - (b) for the purpose of satisfying elections to receive Preference Shares as hereinbefore provided, the Directors shall capitalise, out of the profit and loss account, a sum equal to the aggregate nominal amount of Preference Shares

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to be so allotted and apply it in paying up in full the appropriate number of unissued Preference Shares for allotment as hereinbefore provided; and

(c) the rights attaching to the 'B' Capital Shares after the holders thereof shall have received such bonus issue or cash dividend shall be altered so that thenceforth:

(i) instead and to the exclusion of the rights that previously attached to such shares, the holders thereof shall have no other right than to receive, on a winding up of the Company, an amount equal to the nominal amount of such shares respectively held by them after the holders of all other shares in the capital of the Company shall have received at least £1,000,000 per share; and

(ii) the holders of all or part of the issued 'A' Ordinary Shares in the capital of the Company may by written notice ("a BCS Option Notice") require the sale by all the holders of the 'B' Capital Shares and the purchase by the holders of the 'A' Ordinary Shares giving such BCS Option Notice of all the 'B' Capital Shares for an aggregate consideration of £1; and

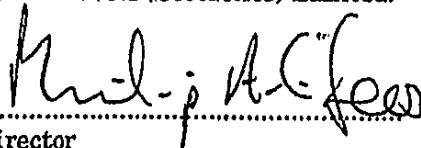
(iii) any such BCS Option Notice shall have the effect of requiring such sale and purchase to be completed forthwith upon the giving of such BCS Option Notice at the registered office of the Company, and upon such completion the holders of all the 'B' Capital Shares shall deliver the certificates therefor together with duly executed instruments of transfer and the holders of the relevant 'A' Ordinary Shares shall pay to such holders of 'B' Capital Shares (or, in the case of joint holders, to the holder whose name stands first in the Register of Members in respect of such shares) the aggregate amount of £1.

(10) THAT this Meeting hereby authorises and ratifies the sale by the Company (or any one or more of its subsidiaries) to the Phoenix Partnership of the whole of their respective interests in the issued share capitals of:

(a) SMA (Holdings) Limited;

(b) Service Corporate Capital Limited; and

(c) NCL (Securities) Limited.

  
Director