

Company No. 2713513

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

of

THE ECHO LABEL LIMITED

At an extraordinary general meeting of the Company held at The Chrysalis Building, Bramley Road, London, W10 6SP on 17th December 1993 the following resolution was passed as a special resolution:

SPECIAL RESOLUTION

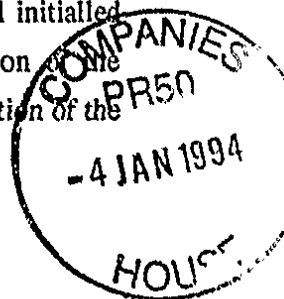
That:

- A. The existing 100 shares of £1 each in the capital of the Company be and are hereby divided into 1000 shares of 10p each and are hereby reclassified as 1000 B ordinary shares having attached thereto the rights and restrictions set out in the new Articles of Association of the Company to be adopted pursuant to paragraph C;
- B. The authorised share capital of the Company be and is hereby increased to £1,000 by the creation of:-

2500 A ordinary shares of 10p each; and
6500 B ordinary shares of 10p each

each of such shares having the respective rights and restrictions set out in the new Articles of Association of the Company to be adopted pursuant to paragraph C;

- C. The Articles of Association in the form marked "A" produced to the meeting and initialled by the Chairman be and are hereby adopted as the new Articles of Association of the Company in replacement of and in substitution for the existing Articles of Association of the Company;



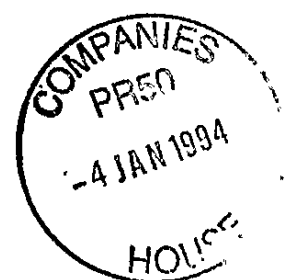
- D. The Objects Clause in the form marked "B" produced to the meeting and signed by the Chairman be and is hereby adopted in replacement of and in substitution for the existing Objects Clause numbered (a) in the Memorandum of Association;
- E. In accordance with Section 80 of the Companies Act 1985 the Directors from time to time of the Company be and are hereby generally and unconditionally authorised to allot any relevant securities (as defined in Section 80 of the Companies Act 1985) up to an aggregate amount of:-

2500 A ordinary shares; and
7480 B ordinary shares.

This authority is given for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on 31 December 1993; and

- F. The Directors from time to time of the Company are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot shares in the capital of the Company pursuant to the authority conferred pursuant to paragraph E of the resolution as if Sections 89(1) and 90(1) to (6) of the Companies Act 1985 did not apply to such allotment. This power expires on 31 December 1993 or when the authority conferred by paragraph E is revoked if earlier.


CHAIRMAN



NJXC01\$3.44

Company No. 2713513

THE COMPANIES ACTS 1985 AND 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

THE ECHO LABEL LIMITED

Incorporated [11 May 1992]

Adopted by special resolution passed on [17 December 1993]



CLIFFORD CHANCE

200 Aldersgate Street
London EC1A 4JJ

Telephone: 071 600 1000
Telefax: 071 600 5555
Reference: MSF/VMH/C0613/01183



"B"

DRAFT OBJECTS CLAUSE FOR ECHO LABEL LIMITED

To carry on the business of making, producing or otherwise acquiring ownership of or licences in sound recordings and music related videos, the exploitation of such sound recordings and videos worldwide and the production, manufacture, promotion, marketing, distribution and sale directly or under licence worldwide of records and music related videos together with all associated merchandising devices and the exploitation of any of the above including, but not limited to, finding artists, making, packaging, selling and promoting records and audio visual devices and the exploitation of any thereof, assisting artists in connection with all promotion and publicity including merchandising, live appearances and interviews whether in concert or on television, radio or film or in prints and marketing including broadcasting for both television and film.

SIGNED
Chairman

Dated this [] day of [] 1993.

Company No. 2713513

THE COMPANIES ACTS 1985 AND 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

THE ECHO LABEL LIMITED

Incorporated []

Adopted by special resolution passed on []

PRELIMINARY

1. (A) In these articles:

"Act" means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force;

"articles" means the articles of the Company;

"clear days" in relation to the period of notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

"executed" means any mode of execution;

"holder" means, in relation to any share, the member whose name is entered in the register of members as the holder of the share;

"office" means the registered office of the Company;

"seal" means the common seal of the Company;

"A Director" has the meaning set out in article 75;

"A Share" means an "A" share of 10p in the capital of the Company;

"B Director" has the meaning set out in article 75;

"B Share" means a "B" share of 10p in the capital of the Company;

"Board" means the board of directors of the Company for the time being;

"Business Day" means any day (other than a Saturday) when banks in London are open for the transaction of normal business;

"Chrysalis Group" means Chrysalis and any company which is a subsidiary or holding company of Chrysalis and any subsidiary of any such holding company or any of them;

"Distributable Profits" means the accrued profits of the Company available for distribution to Shareholders in a financial year within the meaning of Part VIII of the Companies Act 1985 to which, for the purpose of Article 100.1 to 100.7 there shall be added back all dividends and other distributions previously made to Shareholders;

"First Instalment Date" means the date of allotment of the "A" Shares;

"Pony Canyon Group" means Pony Canyon and any company which is a subsidiary or holding company of Pony Canyon and any subsidiary of any such holding company or any of them;

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

"Security Interest" means and includes any interest or equity of any person (including without prejudice to the generality of the foregoing) any right to acquire options or rights of pre-emption, any mortgage charge pledge lien (other than a lien arising by operation of law), right of set-off, hypothecation, encumbrance or any security interest whatsoever, howsoever created or arising;

"Second Instalment Date" means the first anniversary of the First Instalment Date;

"Share" means any share in the capital of the Company of whatever class;

"Shareholder" means any person registered in the books of the Company as the holder of a Share for the time being;

a "subsidiary" or "holding company" shall be construed in accordance with section 736 of the Companies Act 1985;

an "associated company" shall be construed in accordance with section 416 of the Income and Corporation Taxes Act 1988;

"persons" includes a reference to any body corporate, unincorporated association or partnership;

a "person" includes a reference to that person's legal personal representatives or successors;

"secretary" means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;

"Shareholder Agreement" means the agreement entered into on [] between Pony Canyon Inc. (1), Pony Canyon Entertainment International B.V. ("BV") (2), Chrysalis Group Plc (3), Chrysalis Holdings Limited (4), Armourvale Limited (5), Lapishaven Limited (6), The Echo Label Limited (7), C.N. Wright (8) and S. Lewis (9);

"Third Instalment Date" means the second anniversary of the First Instalment Date;

"Transfer" means any sale, transfer (whether voluntary or otherwise) or other disposition of, or a grant of an option over any Share or any legal or beneficial interest in any Share;

"United Kingdom" means Great Britain and Northern Ireland.

(B) Unless the context otherwise requires, words or expressions contained in the articles bear the same meaning as in the Act, but excluding any statutory modification thereof not in force when these articles become binding on the Company.

(C) Where an ordinary resolution of the Company is expressed to be required for any purpose, a special or extraordinary resolution is also effective for that purpose, and where an extraordinary resolution is expressed to be required for any purpose, a special resolution is also effective for that purpose.

2. No regulations contained in any statute or subordinate legislation, including but not limited to the regulations contained in Table A in the schedule to the Companies (Table A to F) Regulations 1985 (as amended), apply as the regulations or articles of association of the Company.

PRIVATE COMPANY

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

SHARE CAPITAL

4. 4.1 The authorised share capital of the Company at the date of adoption of these articles is £1,000 divided into 2,500 A Shares of 10p each and 7,500 B Shares of 10p each.
- 4.2 The A Shares and the B Shares shall entitle the holders of those shares to the respective rights and privileges and subject them to the respective restrictions and provisions contained in these articles.
- 4.3 All the A Shares and all the B Shares for the time being in issue shall constitute separate classes of shares respectively for the purposes of these articles and the Act, but, except as otherwise provided by these articles, the A Shares and B Shares shall rank *pari passu* in all respects Provided that for so long as the B Shares represent 74% or more, but less than 76% of the aggregate of the total issue of A Shares and B Shares and B.V. or any member of the Pony Canyon Group is the legal and beneficial owner of at least 10% of the issued share capital then 1 B Share held by the holder of the largest number of B Shares shall not carry any right to vote, but in all other respects shall rank *pari passu* with the other B Shares.
- 4.4 The A Shares shall be issued partly-paid together with a premium of \$17.5 million converted into £ Sterling as provided below payable in instalments as follows:
- 4.4.1 on the First Instalment Date, a sum equal to 50% of the nominal value and the premium thereon which shall be the £ Sterling equivalent of \$8.75 million converted into £ Sterling at the rate of exchange offered by the Bank of Tokyo two Business Days before the First Instalment is due;
- 4.4.2 on the Second Instalment Date, a sum equal to 35% of the nominal value and the premium thereon which shall be the £ Sterling equivalent of \$6.125 million converted into £ Sterling at the rate of exchange offered by the Bank of Tokyo two Business Days before the Second Instalment Date; and
- 4.4.3 on the Third Instalment Date, 15% of the nominal value and the premium thereon which shall be the £ Sterling equivalent of \$2.625 million converted into £ Sterling at the rate of exchange offered by Bank of Tokyo two Business days before the Third Instalment Date.
- 4.5 The B Shares shall be issued fully paid at nominal value on the First Instalment Date.
- 4.6 Where a resolution is expressed to be a special resolution but the Act provides the subject thereof may be approved by an ordinary resolution, the same shall only require the approval of a special resolution for so long as a member of the Pony Canyon Group shall hold at least 10% of the issued share capital of the Company.

4.7 Unless the A Shareholder and the B Shareholders agree otherwise in writing, no further shares in the capital of the Company may be issued or allotted whilst any member of the Pony Canyon Group holds at least 10 per cent of the issued share capital of the Company and thereafter except in accordance with the following provisions of this Article 4.7:

4.7.1 the Company shall give notice in writing to the holders of the Shares ("Members") specifying the number of shares (the "Offer Shares") being offered and the price per Offer Share at which the Offer Shares may be subscribed (the "Subscription Price") and offering the Offer Shares for subscription to the Members at the Subscription Price pro rata to their existing interests in Shares. Such notice shall require each Member to state in writing within 15 Business Days of the date of the notice:-

- (a) that it is willing to acquire its allocation (or a stated part thereof) of the Offer Shares at the Subscription Price and in respect of the remainder of the Offer Shares consents to the subscription therefore within 30 days thereof by the other Members pursuant to Article 4.7.4 at the Subscription Price; and
- (b) whether it is prepared to purchase more than its allocation of the Offer Shares at the Subscription Price.

In the event that no notice is received from a Member within the said period of 15 Business Days then such a Member will be deemed to have declined its allocation of Offer Shares and consented to the subscription thereof by the other Members or pursuant to Article 4.7.4 in accordance with this Article 4.7 at the end of such 15 day period.

4.7.2 In the event that notices are served by all Members pursuant to Article 4.7.1(a) to the effect that they will acquire their respective pro rata allocations of the Offer Shares then the Members shall within 10 Business Days thereafter complete the acquisition of the Offer Shares at the Subscription Price. The receipt of the Company for the subscription monies shall be a good discharge to the Member subscribers and after their names have been entered in the register of members in exercise of the aforesaid power, the validity of the proceedings shall not be questioned by any person. If any such acquisition is not completed (for any reason other than the Company's default) within such period of 10 Business Days then the Company shall be entitled to allot them in accordance with Article 4.7.4.

4.7.3 In the event that notices are served pursuant to Article 4.7.1(a) to the effect that not every Member will acquire its respective pro rata allocation of the Offer Shares then the Company shall allocate those Offer Shares which have not been allocated forthwith by notice in writing to such Members as have served a notice pursuant to Article 4.7.1(b) pro rata to their existing interests in the Shares to the extent that they have indicated they wish to acquire more Offer Shares. The Members shall, to the extent they have been allocated the Offer Shares, within 10 business days thereafter complete the acquisition of the Offer

Shares at the Subscription Price. The receipt of the Company for the subscription monies shall be a good discharge to the Member subscribers and after their names have been entered into the register of members in exercise of the aforesaid power, the validity of the proceedings shall not be questioned by any person. If any such acquisition is not completed (for any reason other than the Company's default) within such period of 10 Business Days then the Company shall be entitled to allot them in accordance with Article 4.7.4.

- 4.7.4 To the extent that following completion of the procedures in Article 4.7.1., 4.7.2 and 4.7.3 there remain Offer Shares unallotted the Company shall be at liberty to allot all, or part, of the remaining Offer Shares to any person at any time within 10 days after the date of such completion at the Subscription Price payable in full on completion of the subscription and otherwise upon no more favourable terms than those offered to the Members.
- 4.7.5 The Board shall refuse to register any allotment of any Shares other than an allotment permitted by or under and made in accordance with the provisions of this Article 4.7 which allotments the Board shall register.
- 4.7.6 All Shares issued to a Shareholder in accordance with the procedure set out in this Article 4.7 shall be automatically designated as shares of the same class the Ordinary Shares held by that Shareholder immediately prior to the date of such issue.
5. The rights conferred upon the holders of the A Shares and B Shares shall not be deemed to be varied by the creation or issue of further shares provided that the procedure in Article 4.7 is complied with.
6. Subject to the provisions of the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine.
7. Subject to the provisions of the Act, shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Company or the holder on such terms and in such manner as may be provided by the articles.
8. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and (except as otherwise provided by the articles or by law) the Company shall not be bound by or recognise any interest in any share except an absolute right to the entirety thereof in the holder.

SHARE CERTIFICATES

- 9.1 Every member, upon becoming the holder of any shares, shall be entitled without payment to one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of his shares upon payment for every certificate

after the first of such reasonable sum as the directors may determine. Every certificate shall be sealed with the seal and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate for a share to one joint holder shall be a sufficient delivery to all of them.

- 9.2 Each share certificate issued will carry a legend providing that any disposition, transfer, charge or dealing in any manner in the shares represented by the certificate is restricted by the Shareholder Agreement.
- 9.3 If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the Company in investigating evidence as the directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

LIEN

- 10 The Company has a first and paramount lien on every share (whether or not fully paid) for all amounts (whether presently payable or not) payable at a fixed time or called in respect of that share. The Company also has a first and paramount lien on every share registered in the name of a person indebted or under liability to the Company (whether he is the sole registered holder of a share or one of two or more joint holders) for all amounts owing by him or his estate to the Company (whether or not presently payable). The directors may at any time declare a share to be wholly or in part exempt from the provisions of this article. The Company's lien on a share extends to any amount payable in respect of it.
- 11 The Company may sell to a bona fide purchaser on an arms length basis any shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice has been given to the holder of the share or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.
- 12 To give effect to a sale the directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity or invalidity in the proceedings in reference to the sale.
- 13 The net proceeds of the sale, after payment of the reasonable costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES AND FORFEITURE

- 14 Subject to the terms of allotment and article 4, the directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of any sum due thereunder, be revoked in whole or in part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which of the call was made to the extent any balance on the call is outstanding plus accrued interest.
- 15 A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.
- 16 The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- 17 If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Act) but the directors may waive payment of the interest wholly or in part.
- 18 An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call, and if it is not paid when due all the provisions of the articles shall apply as if that amount had become due and payable by virtue of a call.
- 19 Subject to the terms of allotment, the directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.
- 20 If a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid, together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.
- 21 If the notice is not complied with any share in respect of which it was given may be forfeited by a resolution of the directors and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.
- 22 Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such reasonable manner as the directors determine either to the person who was before the forfeiture the holder or to any other

person and at any time before a sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the directors may authorise some person to execute an instrument of transfer of the share to that person.

- 23 A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to the Company for all moneys which at the date of forfeiture were presently payable by him to the Company in respect of those shares with interest at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined in the Act) from the date of forfeiture until payment but the directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal (and in the latter case any residue after payment of the moneys due and payable shall be paid to the person whose shares have been forfeited).
- 24 A statutory declaration by a director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

TRANSFER OF SHARES

- 25 The instrument of transfer of a share may be in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.
- 26 The directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share to any person, whether or not it is a fully-paid share or a share on which the Company has a lien and shall in any event refuse to register the transfer unless it is made in accordance with these articles or the Shareholder Agreement.
- 27 If the directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.
- 28 The registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding 30 days in any year) as the directors may determine.
- 29 No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.

30 The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

31 31.1 Permitted Transfers

Subject to the provisions of this Article 31, the A Shareholder and the B Shareholders may at any time transfer all of their Shares ("the Relevant Shares") to a direct or indirect wholly owned subsidiary of the member (or, in the case of the B Shareholders, to a member of the Chrysalis Group) which (save in respect of the A Shareholder) has a UK tax residency ("Transferee"). Article 32 shall not apply to the transfer of any Relevant Shares pursuant to this Article 31.

31.2 If the Transferee ceases to be a wholly owned subsidiary of the Shareholder or member of the Chrysalis Group or Pony Canyon Group or remains a wholly owned subsidiary but, in the case of the B Shareholders, ceases to have its tax residency in the UK then any Shares so transferred shall immediately be transferred back to a wholly owned subsidiary of the Shareholder or a member of the Chrysalis Group or Pony Canyon Group that in the case of the B Shareholders has a tax residency in the UK.

31.3 The Transferee shall execute a deed confirming to the other Shareholders that it shall be bound by the Shareholder Agreement in respect of each Share transferred.

31.4 The transferor (which expression shall not include the second or subsequent transferor in a series of transfers) shall be jointly and severally liable with the transferee for the obligations of the Shareholder Agreement as a Shareholder in respect of each Share transferred.

31.5 The directors may require the holder of the Relevant Shares or the person named as Transferee in any transfer or lawful registration to furnish the directors with such information as the directors may reasonably consider necessary for the purpose of ensuring that a transfer of Shares is permitted under Article 31. If the information is not provided within 28 days of the request, the directors may refuse to register the transfer of the Relevant Shares.

32 32.1 No Shareholder shall Transfer any Share save as provided in these Articles.

32.2 If between 1st September 1996 and 1st September 1998 the B Shareholders receive an offer to sell part of the B Shares to a third party which they wish (or either of them as the case may be) to accept then the B Shareholders (or either of them as the case may be) shall give notice in writing (the "Transfer Notice") of the desire to do so to the A Shareholder; and:

- 32.2.1 The Transfer Notice shall specify:
- 32.2.1.1 the number of B Shares desired to be disposed of ("Offered Shares"); and
 - 32.2.1.2 the identity and price per share which the third party has offered together with documentary evidence thereof.
- 32.2.2 The A Shareholder shall have the option (exercisable by service of notice in writing (the "Option Notice") upon the B Shareholders (or either of them as the case may be) within 10 business days after receipt of the Transfer Notice) to require the B Shareholders (or either of them as the case may be) to sell all of the Offered Shares to the A Shareholder and:
- 32.2.2.1 in respect of that number of the Offered Shares that would give the A Shareholder up to 49% of the total equity share capital of the Company, the purchase price for each Share comprising such increased shareholding shall be 80% of the price per Offered Share offered by the third party to the B Shareholders (or either of them as the case may be) ("the Matching Right Premium"); and
 - 32.2.2.2 in respect of that number of the Offered Shares that would give the A Shareholder a shareholding in the Company in excess of 49%, the price for each Share so purchased shall be the same price per Offered Share offered by the third party to the B Shareholders (or either of them as the case may be);
- 32.2.3 If the A Shareholder does not elect to purchase the Offered Shares as provided in clause 32.2.2, and if the third party is in agreement (and the B Shareholders (or either of them as the case may be) shall use their best endeavours to procure such agreement) then the A Shareholder shall be entitled to sell that number of A Shares which as a percentage of each of the A Shares, is equal to the percentage shareholding the Offered Shares represent in relation to the B Shares to the third party on the terms of the Transfer Notice Provided that the Offered Shares are also sold to the third party on the terms of the Transfer Notice.
- 32.2.4 If the A Shareholder does not make the election described in Article 32.2.2 then (unless the third party does not agree to purchase the A Shares pursuant to Article 32.2.3 if that option is exercised) the B Shareholders (or either of them as the case may be) shall be free

for a period of 100 Business Days after the date of the Transfer Notice to sell the Offered Shares to the third party on the terms of the Transfer Notice Provided that for the avoidance of doubt no sale by the B Shareholders to the third party (or either of them as the case may be) shall take place if the third party does not agree to purchase the A Shares pursuant to Article 32.2.3 if that option is exercised.

- 32.3 The B Shareholders (or either of them as the case may be) shall be entitled to sell to a third party any Offered Shares on the terms of the Transfer Notice not taken up by the A Shareholder under the provisions of this Article 32.
- 32.4 If between 1st September 1996 and 1st September 1998 the B Shareholders receive an offer to sell all of the B Shares to a third party which they wish to accept then the B Shareholders shall serve a Transfer Notice on the A Shareholder:
- 32.4.1 and the A Shareholder shall have the option, (exercisable by service of an Option Notice upon the B Shareholders within 10 Business Days of the receipt of the Transfer Notice) to purchase the B Shares and for that percentage of B shares that would increase the A shareholding to 49% of the total equity share capital of the Company, the purchase price for each Share so purchased shall be subject to the Matching Right Premium and for the balance of the B Shares, the purchase price shall be the price per Share offered by the third party to the B Shareholders per Offered Share; or
- 32.4.2 if the A Shareholder does not elect to purchase all of the B Shares then, if the third party is in agreement (and the B Shareholders shall use their best endeavours to procure such agreement), the A Shareholder shall be entitled to sell the A Shares to the third party for the same price per share offered to the B Shareholders for the B Shares Provided that the B Shares are simultaneously sold to the third party on the terms of the Transfer Notice.
- 32.4.3 If the A Shareholder does not make the election described in Article 32.4.1 then (unless the third party does not agree to purchase the A Shares pursuant to Article 32.4.2 if that option is exercised) the B Shareholders shall be free for a period of 100 Business Days after service of the Transfer Notice to sell the B Shares to the third party on the terms of the Transfer Notice Provided that for the avoidance of doubt no sale by the B Shareholders to the third party shall take place if the third party does not agree to purchase the A Shares pursuant to Article 32.4.2 if that option is exercised.
- 32.5 If, after 1st September 1998, the B Shareholders receive an offer to sell all of the B Shares to a third party which they wish to accept then the B Shareholders shall serve a Transfer Notice upon the A Shareholder who shall have the option

(exercisable by service of the Option Notice upon the B Shareholders within 10 Business Days of the receipt of the Transfer Notice by the A Shareholder):-

32.5.1 to purchase all of the B Shares for the same price per Share offered by the third party for the B Shares; or

32.5.2 if the A Shareholder does not elect to purchase all of the B Shares as described in Articles 32.5.1 then, if the third party is in agreement (and the B Shareholders shall use their best endeavours to procure such agreement), the A Shareholder shall be entitled to sell the A Shares to the third party for the same price per share offered to the B Shareholders for the B Shares Provided that the B Shares are sold simultaneously to the third party on the terms of the Transfer Notice.

32.5.3 If the A Shareholder does not make the election described in Article 32.5.1 then (unless the third party does not agree to purchase the A Shares pursuant to Article 32.5.2 if that option is exercised) the B Shareholders shall for a period of 100 Business Days after service of the Transfer Notice be free to sell the B Shares to the third party on the terms of the Transfer Notice Provided that for the avoidance of doubt no sale by the B Shareholders to the third party shall take place if the third party does not agree to purchase the A Shares pursuant to Article 32.5.2 if that option is exercised.

32.6 If, after 1st September 1998, the B Shareholders receive an offer to sell part only of the B Shares to a third party which they (or either of them as the case may be) wish to accept then the B Shareholders (or either of them as the case may be) shall serve a Transfer Notice upon the A Shareholder who shall have the option (exercisable by service of the Option Notice upon the B Shareholders (or either of them as the case may be) within 10 Business Days of the receipt of the Transfer Notice by the A Shareholder):-

32.6.1 to purchase all the Offered Shares for the same price per share offered by the third party for the Offered Shares; or

32.6.2 to sell to the third party, if the third party is in agreement (and the B Shareholders (or either of them as the case may be) shall use their best endeavours to procure such agreement) for the same price offered by the third party for the B Shares, that number of each of the A Shares, which as a percentage of the A Shares is equal to the percentage shareholding the Offered Shares bear in relation to the B Shares. Provided that the Offered Shares are sold simultaneously on the terms of the Transfer Notice;

32.6.3 If the A Shareholder does not make the election described in Article 32.6.1 then (unless the third party does not agree to purchase the A Shares pursuant to Article 32.6.2 if that option is exercised) the

B Shareholders (or either of them as the case may be) shall be free for a period of 100 Business Days after service of the Transfer Notice to sell the B Shares to the third party on the terms of the Transfer Notice Provided that for the avoidance of doubt no sale by the B Shareholders (or either of them as the case may be) to the third party shall take place if the third party does not agree to purchase the A Shares pursuant to Article 32.6.2 if that option is exercised.

32.7 If after having become bound to transfer the A Shares or B Shares or pursuant to Articles 32.2, 32.4, 32.5 and 32.6 the A Shareholder or the B Shareholders default in transferring the A Shares or the B Shares to a third party, then the following provisions shall apply:

32.7.1 the Company may receive the purchase money and the relevant Shareholder shall be deemed to have appointed any director or the secretary as the relevant Shareholder's agent to execute a transfer of the A Shares or B Shares as the case may be in favour of the transferee and to receive the purchase money in trust for the relevant Shareholder.

32.7.2 the receipt of the Company for the purchase money shall be a good discharge to the transferee and after it has been entered in the register of members in purported exercise of the power the validity of the proceedings shall not be questioned by any person; and

32.7.3 the relevant Shareholder shall be bound to deliver up the share certificate for the A Shares or B Shares and on its delivery shall be entitled to receive the purchase price without interest. If the certificate comprises any shares which the relevant Shareholder has not become bound to transfer the Company shall issue to the relevant Shareholder a share certificate for the balance of those shares.

32.8 Completion of the purchase of any of the B Shares by the A Shareholder pursuant to this article 32:

32.8.1 shall take place within 20 Business days of the service of a Transfer Notice; or

32.8.2 if Shareholder approval is required by The Stock Exchange in respect of a disposal of B Shares, within 15 Business days of the obtaining of such approval; and

32.8.3 the Shareholders agree that any shares so disposed pursuant to this Clause 32 shall be free from any Security Interest.

ALTERATION OF SHARE CAPITAL

- 33 The Company may by special resolution:
- 33.1 increase its share capital by new shares of such amount as the resolution prescribes;
 - 33.2 consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
 - 33.3 subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and
 - 33.4 cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
- 34 Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the directors may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Act, the Company) and distribute the net proceeds of sale in due proportion among those members, and the directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
- 35 Subject to the provisions of the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

PURCHASE OF OWN SHARES

- 36 Subject to the provisions of the Act, the Company may by special resolution purchase its own shares (including any redeemable shares) and make a payment in respect of the redemption or purchase of its own shares otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares.

GENERAL MEETINGS

- 37 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 38 The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than 28 days after receipt of the requisition. If there are not within the

United Kingdom sufficient directors to call a general meeting, any director or any member may call a general meeting.

NOTICE OF GENERAL MEETINGS

39 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or an elective resolution shall be called by at least 21 clear days' notice. All other extraordinary general meetings shall be called by at least 14 clear days' notice but a general meeting, other than a meeting called for the passing of an elective resolution, may be called by shorter notice if it is so agreed:

39.1 in the case of the annual general meeting, by all the members entitled to attend and vote thereat; and

39.2 in the case of any other meeting, by a majority in number of the members having a right to attend and vote, being (i) a majority together holding not less than such percentage in nominal value of the shares giving that right as has been determined by elective resolution of the members in accordance with the Act, or (ii) if no such elective resolution is in force, a majority together holding not less than 95% in nominal value of the shares giving that right.

40 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

41 Subject to the provisions of the articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to all the persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors.

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

PROCEEDINGS AT GENERAL MEETINGS

43 No business shall be transacted at any meeting unless a quorum is present. A quorum shall be two members present in person or by proxy or a representative duly authorised of whom one shall be a holder of B shares.

44 A corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company. The person so authorised is entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member. Unless the directors otherwise decide, a copy of such authority approved by the directors shall be left at or sent by post or facsimile transmission to the office or such other place within the United Kingdom as the directors may determine before such representative is entitled to exercise any power on behalf of the corporation which he represents.

- 45 If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such day and at such time and place as the directors may determine.
- 46 The chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) is present within 15 minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.
- 47 If no director is willing to act as chairman, or if no director is present within 15 minutes after the time appointed for holding the meeting, the B members present and entitled to vote shall elect a B Director to be chairman.
- 48 A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.
- 49 The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for 14 days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted.
- 50 A resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:
- 50.0.1 by the chairman; or
- 50.0.2 by any member present in person or by proxy and entitled to vote.
- 51 Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 52 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- 53 A poll shall be taken in such manner as the chairman directs and he may appoint scrutineers (who need not be members) and fix a place and time for declaring the result of the poll.

The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

- 54 In the case of equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.
- 55 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than 30 days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 56 No notice need be given of a poll not taken forthwith if the time and place at which it is taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
- 57 A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more members. If a resolution in writing is described as a special resolution or as an extraordinary resolution, it has effect accordingly.

VOTES OF MEMBERS

- 58 Subject to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative not being himself a member entitled to vote, shall have one vote, and on a poll every member shall have one vote for every share of which he is the holder.
- 59 In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of members.
- 60 A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with the articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed

for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

61 No member shall, unless the directors otherwise determine, be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any share held by him unless all moneys presently due and payable by him in respect of that share have been paid.

62 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

63 On a poll votes may be given either personally or by proxy. A member may appoint more than one proxy to attend on the same occasion. Deposit of an instrument of proxy does not preclude a member from attending and voting at the meeting or at any adjournment of it.

64 An instrument appointing a proxy shall be in writing in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the appointor.

65 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors may:

65.1 be left at or sent by post or by facsimile transmission to the office or such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting at any time before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

65.2 in the case of a poll taken more than 48 hours after it is demanded, be deposited or sent as aforesaid after the poll has been demanded and at any time before the time appointed for the taking of the poll; or

65.3 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

66 A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the office or at such other place at which the instrument of proxy was duly deposited or sent before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

NUMBER OF DIRECTORS

- 67 The number of directors (other than alternate directors) shall be eight and the minimum number is one.

ALTERNATE DIRECTORS

- 68 Each class of members with a right to appoint a director pursuant to these articles may appoint any person to be an alternate director in the place of such director for such period as it determines and the alternate need not be approved by resolution of the directors.
- 69 An alternate director shall, whether or not he is absent from the United Kingdom, be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member, to attend and vote at any such meeting at which the director for whom he is the alternate is not personally present, and generally to perform all the functions of the director for whom he is an alternate as a director in his absence but shall not be entitled to receive any remuneration from the Company for his services as an alternate director.
- 70 Any appointment or removal of an alternate director shall be by notice to the Company signed by the member making or revoking the appointment or in any other manner approved by the directors. Any such notice may be left at or sent by post or facsimile transmission to the office or such other place as may be designated for the purpose by the directors.
- 71 Save as otherwise provided in the articles, an alternate director shall be deemed for all purposes to be a director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the member appointing him.

POWERS OF DIRECTORS

- 72 Subject to the provisions of the Act, the memorandum and articles, the Shareholder Agreement and to any directions given by special resolution, the business of the Company shall be managed by the directors who may exercise all the powers of the Company. No alteration of the memorandum or articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this article shall not be limited by any special power given to the directors by the articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.
- 73 The directors may, by power of attorney, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

DELEGATION OF DIRECTORS' POWERS

- 74 The directors may delegate any of their powers to any committee consisting of one or more directors. They may also delegate to any managing director or any director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the provisions of the articles regulating the proceedings of directors so far as they are capable of applying. Where a provision of the articles refers to the exercise of a power, authority or discretion by the directors and that power, authority or discretion has been delegated by the directors to a committee, the provision shall be construed as permitting the exercise of the power, authority or discretion by the committee.

APPOINTMENT AND REMOVAL OF DIRECTORS

- 75 The holders for the time being of a majority of the A Shares may from time to time appoint up to 2 persons to be directors and these directors and any alternate shall be called A Directors. The holders for the time being of a majority of the B Shares may from time to time appoint up to 6 persons to be directors and these directors and any alternate shall be called B Directors.
- 76 If there is a vacancy for the appointment of an A Director or a B Director and the holders of the majority of the A Shares or the B Shares (as the case may be) have not filled the vacancy in the manner set out in this article within ninety days of the creation of the vacancy, the Company shall convene a separate class meeting of the holders of A Shares or B Shares (as the circumstances require) to elect a replacement A Director or B Director. The provisions of these articles relating to general meetings shall apply to a separate class meeting, except that a quorum for the meeting shall be the holders of shares of the relevant class, present in person or by proxy or a representative.
- 77 The A Shareholders only shall be entitled to appoint and remove A Directors. The B Directors only shall be entitled to appoint and remove the B Directors.
- 78 A director appointed by a class of member pursuant to this article shall cease to be a director from the date on which the members of the class at the time of his appointment cease to be members.
- 79 Any appointment or removal of a director shall be made by notice in writing served on the Company and signed by the persons appointing or removing the director. In the case of a corporation the notice may be signed on its behalf by a director or the secretary of the corporation or by its duly appointed attorney or duly authorised representative.
- 80 The directors shall not be subject to retirement by rotation.
- 81 No person shall be or become incapable of being appointed a director by reason only of his having attained the age of seventy or any other age nor shall any special notice be required in connection with the appointment or the approval of the appointment of such person, and

no director shall vacate his office at any time by reason only of the fact that he has attained the age of seventy or any other age. Section 293 of the Act shall not apply to the Company.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

The office of a director shall be vacated if:

- 82.1 he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or
- 82.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- 82.3 he becomes, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director; or
- 82.4 he resigns his office by notice to the Company; or
- 82.5 he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and his alternate director (if any) shall not during such period have attended any such meetings instead of him, and all the directors resolve that his office be vacated; or
- 82.6 he is removed from office by notice addressed to him at his last-known address and signed by all his co-directors; or
- 82.7 he is removed from office by notice given under article 79.

REMUNERATION OF DIRECTORS

The directors shall be entitled to such remuneration as the Company may by ordinary resolution determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

A director who, at the request of the directors, goes or resides abroad, makes a special journey or performs a special service on behalf of the Company may be paid such reasonable additional remuneration (whether by way of salary, percentage of profits or otherwise) and expenses as the directors may decide.

DIRECTORS' EXPENSES

The directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

DIRECTORS' APPOINTMENTS AND INTERESTS

- 86 Subject to the provisions of the Act, the B directors may appoint one or more of their body to the office of managing director and to the office of finance director and the directors may appoint to any other executive office under the Company, and may enter into an agreement or arrangement with any director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the A and B directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall determine if he ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the Company.
- 87 Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:
- 87.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
 - 87.2 may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
 - 87.3 shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
- 88 For the purposes of article 87:
- 88.1 a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and
 - 88.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

PROCEEDINGS OF DIRECTORS

- 89 Subject to the provisions of the articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors, but in any event meetings shall be held quarterly in respect of which two weeks' notice thereof shall be given to the Directors and otherwise on 3 days' notice unless

the A directors agree otherwise. Every director shall receive notice of all meetings, whether or not he is absent from the United Kingdom. A director may waive the requirement that notice be given to him of a board meeting, either prospectively or retrospectively. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. A director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

- 90 A director or his alternate director may participate in a meeting of directors or a committee of directors through the medium of conference telephone or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. Subject to the Act, all business transacted in this way by the directors or a committee of directors is for the purposes of the articles deemed to be validly and effectively transacted at a meeting of the directors or of a committee of directors although fewer than two directors (of whom one must be a B director or his alternate) or alternate directors are physically present at the same place. The meeting is 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.
- 91 The quorum for the transaction of the business of the directors shall be two B Directors.
- 92 The B directors may appoint one of their number to be the chairman of the board of directors and may at any time remove him from that office. Unless he is unwilling to do so, the director so appointed shall preside at every meeting of directors at which he is present. But if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within thirty minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.
- 93 All acts done by a meeting of directors, or of a committee of directors, or by any person acting as a director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.
- 94 A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it has been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held and may consist of several documents in the like form each signed by one or more directors; but a resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director it need not be signed by the alternate director in that capacity.
- 95 Without prejudice to the obligation of a director to disclose his interest in accordance with section 317 of the Act, a director may vote at any meeting of directors or of a committee

of directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty. The director shall be counted in the quorum present at a meeting when any such resolution is under consideration and if he votes his vote shall be counted.

SECRETARY

- 96 Subject to the provisions of the Act, the secretary shall be appointed by the "B" directors for such term, at such remuneration and upon such conditions as they think fit; and any secretary so appointed may be removed by the directors.

MINUTES

- 97 The directors shall cause minutes to be made in books kept for the purpose:
- 97.1 of all appointments of officers made by the directors; and
- 97.2 of all proceedings of meetings of the Company, of the holders of any class of shares in the Company, and of the directors, and of committees of directors, including the names of the directors present at each such meeting.

THE SEAL

- 98 The seal shall only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed, and unless otherwise so determined every such instrument shall be signed by a director and by the secretary or by a second director.

DIVIDENDS

- 99 Subject to the provisions of the Shareholders Agreement and the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.
- 100 Each Shareholder shall procure that a minimum of 50% of the Distributable Profits accrued in respect of each financial year beginning with 1st September 1993 until and including the financial year ending 31st August 2001 shall be distributed, after the repayment of any indebtedness to Shareholders as provided in the Shareholder Agreement by the Company to the Shareholders by way of dividend within six months of the end of the financial year for the purpose of the provisions in this paragraph 100 not in accordance with the amounts paid upon the Shares but as follows and the balance of any Distributable Profits may be distributed as the Shareholders may agree:
- 100.1 For Distributable Profits up to £1000 the dividend declared by the Company shall be distributed to the members pro rata to their shareholdings in the Company;

- 100.2 For Distributable Profits between £1000 and £3,333,333, the dividend declared by the Company shall be distributed as to 50% thereof to the A Shareholder and 50% thereof to the B Shareholders;
- 100.3 For Distributable Profits in excess of the figure in 100.2 but not in excess of £6,666,666, then the dividend shall be distributed as to 45% thereof to the A Shareholder, and 55% thereof to the B Shareholders;
- 100.4 For Distributable Profits in excess of the figure in 100.3 but not in excess of £10,000,000 then the dividend declared shall be distributed as to 40% thereof to the A Shareholder, and 60% thereof to the B Shareholders;
- 100.5 For Distributable Profits in excess of the figure in 100.4 but not in excess of £13,333,333 then the dividend declared shall be distributed as to 35% thereof to the A Shareholder, and 65% thereof to the B Shareholders;
- 100.6 For Distributable Profits in excess of the figure in 100.5 but not in excess of £16,666,666 then the dividend declared shall be distributed as to 30% thereof to the A Shareholder, and 70% thereof to the B Shareholders;
- 100.7 For Distributable Profits in excess of the figure in 100.6 then the dividend declared shall be distributed as to 25% thereof to the A Shareholder, and 75% thereof to the B Shareholders; and
- 100.8 the balance of any Distributable Profits shall be distributed after making such transfers to reserves and provisions as in the opinion of the Shareholders ought reasonably to be made and subject to the agreement of the Shareholders in accordance with the Shareholder Agreement.
- 101 Subject to the provisions of the Act and in accordance with article 100, the directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution.
- 102 In respect of the financial year expiring 31st August 2002 and thereafter, a minimum of 50% of Distributable Profits shall be declared as dividend and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.
- 103 The directors may deduct from a dividend or other amounts payable to a person in respect of a share any amounts due and payable from him to the Company on account of a call or otherwise in relation to a share.
- 104 A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any

difficulty arises in regard to such distribution, the directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.

- 105 Any dividend or other moneys payable on or in respect of a share may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the Company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.
- 106 No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.
- 107 Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the Company.

CAPITALISATION OF PROFITS

- 108 The directors may with the authority of a special resolution of the Company:
- 108.1 subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve;
- 108.2 appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to such sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other: but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this article, only be applied in paying up unissued shares to be allotted to members credited as fully paid;
- 108.3 resolve that any shares so allotted to any member in respect of a holding by him of any partly-paid shares rank for dividend, so long as such shares remain partly paid, only to the extent that such partly-paid shares rank for dividend;

108.4 make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this article in fractions; and

108.5 authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they may be entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

NOTICES

109 Any notice to be given to or by any person pursuant to the articles shall be in writing.

110 The Company may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders. Any member whose registered address is not within the United Kingdom shall be entitled to have notices given to him at that address.

111 A member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting, and, where requisite, of the purposes for which it was called.

112 Every person who becomes entitled to any share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been given to the person from whom he derives his title.

113 A notice sent to a member (or other person entitled to receive notices under the articles) by post to an address within the United Kingdom is deemed to be given:

113.1 24 hours after posting, if pre-paid as first class, or

113.2 48 hours after posting, if pre-paid as second class.

A notice sent to a member (or other person entitled to receive notice under the articles) by post to an address outside the United Kingdom is deemed to be given 72 hours after posting, if pre-paid as airmail. Proof that an envelope containing the notice was properly addressed, pre-paid and posted is conclusive evidence that the notice was given. A notice not sent by post but left at a member's registered address is deemed to have been given on the day it was left.

WINDING UP

- 114 If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

INDEMNITY

- 115 Subject to the provisions of the Act, but without prejudice to an indemnity to which he may otherwise be entitled, every officer of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him in the execution of his duties or the exercise of his powers, authorities and discretions including (without prejudice to the generality of the foregoing) a liability incurred:

115.1 defending proceedings (whether civil or criminal) in which judgment is given in his favour or in which he is acquitted, or which are otherwise disposed of without a finding or admission of material breach of duty on his part, or

115.2 in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

- 116 The directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is an officer or employee, or former officer or employee, of the Company or of a 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 trustee of a retirement benefits scheme or another trust in which an officer or employee or former officer or employee is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or another liability which may lawfully be insured against by the Company.

OVERRIDING PROVISION

- 117 Notwithstanding the provision of these Articles the directors shall be obliged, so far as may be permitted by law, to act in all respects in accordance with and give effect to the Shareholder Agreement.

NAME[S] AND ADDRESS[ES] OF SUBSCRIBER[S]

DATED this day of

WITNESS to the above signature[s]:

VMH\$02X3.37G