

THE COMPANIES ACTS 1985 AND 1989

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PRIVATE COMPANY LIMITED BY SHARES

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MEMORANDUM OF ASSOCIATION

of

CAMELOT HOLDINGS LIMITED

1. The Company's name is "BARLEYFLAME LIMITED"
2. The Company's registered office is to be situated in England and Wales.
3. The Company's objects are\*\*:
  - (A) (i) To acquire (whether by original subscription, tender, purchase, exchange or otherwise) the whole of or any part of the stock, shares, debentures, debenture stocks, bonds and other securities issued or guaranteed by a body corporate constituted or carrying on business in any part of the world and to hold the same as investments, and to sell, exchange, carry and dispose of the same and to co-ordinate, assist and promote the business of any companies in which the Company is for the time being interested.
  - (ii) To carry on business as promoters, operators, organisers and managers of lotteries of all kinds, pool betting and other games of lot or chance substantially similar to a lottery or pool betting; to design, manufacture, provide, install, operate and maintain on and off-line lottery services, products and equipment; to license computer software; to design, print, distribute and deal in all forms of lottery and bingo tickets, entry forms, vouchers, coupons and allied articles; to engage in marketing and distribution; to design, print and publish advertisements in relation to the Company's products and business; to research and develop new products, games and services.
- (B) To carry on the following businesses, namely, contractors, garage proprietors, filling station proprietors, owners and charterers of road vehicles, aircraft and ships and boats of every description, lightermen and carriers of goods and passengers by road, rail, water or air, forwarding, transport and commission agents, customs agents, stevedores,



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\* The Company changed its name from Barleyflame Limited to Camelot Holdings Limited with effect from 30 July 1993.

\*\* The Company altered Clause 3(A) by Special Resolution dated 24 September 1993.

wharfingers, cargo superintendents, packers, warehouse storekeepers, cold store keepers, hotel proprietors, caterers, publicans, consultants, advisers, financiers, bankers, advertising agents, insurance brokers, travel agents, ticket agents and agency business of all kinds and generally to provide entertainment for and render services of all kinds to others and to carry on any other trade or business whatsoever which can in the opinion of the directors be advantageously carried on by the Company in connection with or as ancillary to any of the businesses of the Company.

- (C) To buy, sell, manufacture, repair, alter, improve, manipulate, prepare for market, let on hire, and generally deal in all kinds of plant, machinery, apparatus, tools, utensils, materials, produce, substances, articles and things for the purpose of any of the businesses specified in this clause 3, or which are likely to be required by customers or other persons having, or about to have, dealings with the Company.
- (D) To build, construct, maintain, alter, enlarge, pull down and remove or replace any buildings, shops, factories, offices, works, machinery, engines and to clear sites for the same or to join with any person, firm or company in doing any of the things aforesaid and to work, manage and control the same or join with others in so doing.
- (E) To enter into contracts, agreements and arrangements with any other company for the carrying out by such other company on behalf of the Company of any of the objects for which the Company is formed.
- (F) To acquire, undertake and carry on the whole or any part of the business, property and liabilities of any person or company carrying on any business which may in the opinion of the directors be capable of being conveniently carried on or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights, or any property suitable for the purposes of the Company.
- (G) To enter into any arrangements with any government or authority national, international, supreme, municipal, local or otherwise, that may in the opinion of the directors be conducive to the Company's objects or any of them, and to obtain from any such government or authority any rights, privileges, and concessions which in the opinion of the directors is desirable, and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
- (H) To apply for, or join in applying for, purchase or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets d'invention, licences, secret processes, trade marks, service marks, copyrights, registered designs, protections, concessions and the like, and to use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting and testing and making researches, and in improving or seeking to improve any patents, inventions or rights which the Company may acquire or propose to acquire.
- (I) To acquire an interest in, amalgamate with or enter into partnership or into any arrangement for the sharing of profits, union of interests, co-operation, joint adventure, reciprocal concession, or otherwise with any company, or with any employees of the

Company. To lend money to, guarantee the contracts of, or otherwise assist any such company, and to take or otherwise acquire shares or securities of any such company, and to sell, hold, re-issue, with or without guarantee, or otherwise deal with the same.

- (J) To lend money to, to subsidise and assist any persons or companies and to act as agents for the collection, receipt or payment of money and generally to act as agents or brokers for and render services to any company, and to undertake and perform sub-contracts.
- (K) To enter into any guarantee, contract of indemnity or suretyship and in particular (without prejudice to the generality of the foregoing) to guarantee or otherwise provide security for, with or without the Company receiving any consideration therefor or advantage therefrom, directly or indirectly, by personal covenant or by mortgage, charge or lien over all or any part of the undertaking, property and assets present and future and uncalled capital of the Company or by any other means whatsoever, the performance of the obligations and the payment of any moneys (including but not limited to capital or principal, premiums, dividends or interest, commissions, charges, discount and any related costs or expenses whether on any stocks, shares or securities or in any other manner) by any company, firm or person including but not limited to any company which is for the time being the Company's holding company or a subsidiary of the Company each as defined by section 736 of the Companies Act 1985 or of the Company's holding company as so defined or any company, firm or person who is for the time being a member or otherwise has any interest in the Company or is associated with the Company in any business or venture, or any other person firm or company whatsoever. For the purposes of this paragraph (K) "guarantee" includes any other obligation howsoever described to pay, satisfy, provide funds (whether by advance of money the purchase of or the subscription of shares or other securities, the purchase of assets or services, or otherwise) for the payment or satisfaction of, or to indemnify against the consequences of default in the payment of or otherwise be responsible for any indebtedness of any other company firm or person.
- (L) To promote, finance or assist any company for the purpose of acquiring all or any of the property, rights or undertaking or assuming the liabilities of the Company, or for any other purpose which may be in the opinion of the directors directly or indirectly calculated to benefit the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of such company as aforesaid.
- (M) To pay out of the funds of the Company all or any expenses which the Company may lawfully pay of or incidental to the formation, registration, promotion and advertising of or raising money for the Company, and the issue of its capital including those incurred in connection with the advertising or offering the same for sale or subscription, including brokerage and commissions for obtaining applications for or taking, placing or underwriting or procuring the underwriting of shares or other securities.
- (N) To remunerate any person, firm or company rendering service to the Company whether by cash payment or by the allotment to him or them of shares or securities of the Company credited as paid up in full or in part or otherwise.

- (O) Generally to purchase, take on lease or exchange, hire, or otherwise acquire any real or personal property and any rights or privileges over or in respect of it.
- (P) To receive money on deposit on such terms as the directors may approve.
- (Q) To invest and deal with the moneys of the Company in such manner as may from time to time be determined by the directors.
- (R) To lend money or give credit with or without security.
- (S) To borrow or raise or secure the payment of money in such manner as the Directors shall approve and in particular by the issue of debentures or debenture stock, perpetual or otherwise charged upon all or any of the Company's property (both present and future), including its uncalled capital, and to purchase, redeem or pay off any such securities.
- (T) To remunerate any company for services rendered or to be rendered, in placing, or assisting to place, or guaranteeing the placing or procuring the underwriting of any of the shares or debentures, or other securities of the Company or of any company in which this Company may be interested or propose to be interested, or in or about the conduct of the business of the Company, whether by cash payment or by the allotment of shares, or securities of the Company credited as paid up in full or in part, or otherwise.
- (U) To subscribe for either absolutely or conditionally or otherwise acquire and hold shares, stocks, debentures, debenture stock or other obligations of any other company and to co-ordinate, finance and manage the business and operation of any company in which the Company holds any such interest.
- (V) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- (W) To sell, lease, exchange, let on hire, or dispose of any real or personal property or the undertaking of the Company, or any part or parts thereof, for such consideration as the directors shall approve, and, in particular, for shares whether fully or partly paid up, debentures or securities of any other company, whether or not having objects altogether, or in part, similar to those of the Company, and to hold and retain any shares, debentures or securities so acquired, and to improve, manage, develop, sell, exchange, lease, mortgage, dispose of, grant options over or turn to account or otherwise deal with all or any part of the property or rights of the Company.
- (X) To adopt such means of making known the businesses and products of the Company as may in the opinion of the directors seem expedient, and in particular by advertising in the press, by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals, and by granting prizes, rewards and donations.
- (Y) To support, subscribe or contribute to any charitable or public object or any institution, society or club which may be for the benefit of the Company or its directors, officers or employees, or the directors, officers and employees of its predecessors in business or of

any subsidiary, allied or associated company, or which may be connected with any town or place where the Company carries on business and to subsidise or assist any association of employers or employees or any trade association. To grant pensions, gratuities, annuities or charitable aid and generally to provide advantages, facilities and services to any person (including any directors or former directors) who may have served the Company or its predecessors in business or any subsidiary, allied or associated company or to the wives, children or other dependants or relatives of such persons, to make advance provision for the payment of such pensions, gratuities or annuities as aforesaid by establishing or acceding to such trusts schemes or arrangements (whether or not capable of approval by the Commissioners of Inland Revenue under any relevant legislation for the time being in force) as may seem expedient, to appoint trustees or to act as trustee of any such schemes or arrangements, and to make payments towards insurance for the benefit of such persons or to their wives, children, or other dependants or relatives.

- (Z) To establish and contribute to any scheme for the purchase or subscription by trustees of shares in the Company to be held for the benefit of the employees of the Company or any subsidiary, allied or associated company, and to lend money to such employees or to trustees on their behalf to enable them to purchase or subscribe for shares in the Company and to formulate and carry into effect any scheme for sharing the profits of the Company with employees or any of them.
- (AA) To apply for, promote and obtain any Act of Parliament, order or licence of the Department of Trade and Industry or other authority for enabling the Company to carry any of its objects into effect or for effecting any modifications of the Company's constitution or for any other purposes which may in the opinion of the directors seem expedient, and to oppose any proceedings or applications which may in the opinion of the directors seem calculated directly or indirectly to prejudice the Company's interests.
- (BB) To establish, grant and take up agencies in any part of the world, and to do all such other things as the Company may deem conducive to the carrying on of the Company's business, either as principals, or agents, and to remunerate any persons in connection with the establishment or granting of such agencies upon such terms and conditions as the Company may think fit.
- (CC) To distribute among the shareholders in specie any of the property of the Company or any proceeds of sale or disposal of any property of the Company and for such purpose to distinguish and separate capital from profits, but so that no distribution amounting to a reduction of capital shall be made except with the sanction (if any) for the time being required by law.
- (DD) To purchase and maintain insurance for the benefit of any person who is an officer or employee, or former officer or employee, of the Company or of a subsidiary of the Company or in which the Company has an interest whether direct or indirect or who is or was trustee of any retirement benefits scheme or any other trust in which any such officer or employee or former officer or employee is or has been interested indemnifying such person against liability for negligence, default, breach of duty or breach of trust or any other liabilities which may lawfully be insured against.

- (EE) To amalgamate with any other company.
- (FF) Subject to and in accordance with due compliance with the provisions of sections 155 to 158 (inclusive) of the Act (if and so far as such provisions shall be applicable), to give, whether directly or indirectly, any kind of financial assistance (as defined in section 152(1)(a) of the Act) for any such purpose as is specified in section 151(1) and/or section 151(2) of the Act.
- (GG) To do all or any of the above things in any part of the world and as principals, agents, contractors, trustees or otherwise, and by or through trustees, agents, subcontractors or otherwise, and either alone or in conjunction with others and to procure the Company to be registered or recognised in any foreign country or place.
- (HH) To do all such other things as are in the opinion of the directors incidental or conducive to the attainment of all or any of the Company's objects, or the exercise of all or any of its powers.

The objects specified in each paragraph of this clause shall, except where otherwise expressed in such paragraph, be regarded as independent objects, and are not limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company. None of the paragraphs of this clause or the objects or powers specified or conferred in or by them are deemed subsidiary or ancillary to the objects or powers mentioned in any other paragraph, but the Company has as full a power to exercise all or any of the objects and powers provided in each paragraph as if each paragraph contained the objects of a separate company.

The word "company" in this clause (except where used in reference to the Company) is deemed to include any person or partnership or other body of persons whether domiciled in the United Kingdom or elsewhere and whether incorporated or unincorporated, and words denoting the singular number only shall include the plural number and vice versa. The word "Act" in this Clause means the Companies Act 1985, and any reference in this clause to any provision of the Act is deemed to include a reference to any modification or re-enactment of that provision for the time being in force.

4. The liability of the members is limited.
5. The Company's share capital is £100 divided into 100 shares of £1 each.\*\*\*

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\*\*\* The Company's share capital was increased to £100,000,000 divided into 100,000,000 shares of £1 each by ordinary resolution dated 24 September 1993.

I, being the sole subscriber to this memorandum of association, wish to be formed into a company pursuant to this memorandum; and I agree to take the number of shares in the capital of the company shown opposite my name.

---

NAME AND ADDRESS OF SUBSCRIBER

Number of shares  
taken by the sole  
subscriber

---

VANESSA HOLMES  
For and on behalf of  
Legibus Nominees Limited  
200 Aldersgate Street  
London EC1A 4JJ

ONE

---

DATED the 19 day of May, 1993.

WITNESS to the above Signature:-

DENISE WARD  
200 Aldersgate Street  
London EC1A 4JJ

---

NAMES AND ADDRESSES OF SUBSCRIBERS

---

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DATED this [    ] day of [                      ] 1993

WITNESS to the above signatures:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(name)

\_\_\_\_\_  
\_\_\_\_\_  
(address)



Registered No: 2822300

THE COMPANIES ACTS 1985 AND 1989

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PRIVATE COMPANY LIMITED BY SHARES

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ARTICLES OF ASSOCIATION

OF

CAMELOT HOLDINGS LIMITED

(Adopted by a special resolution  
passed on 24 September 1993)



CLIFFORD CHANCE  
200 Aldersgate Street  
LONDON  
EC1A 4JJ

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Ref: RSM/RMP

RMPS01M3.29C

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PRIVATE COMPANY LIMITED BY SHARES

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ARTICLES OF ASSOCIATION  
OF  
CAMELOT HOLDINGS LIMITED

(Adopted by a special resolution  
passed on 24 September 1993)

PRELIMINARY

1. Interpretation

(A) In the articles, unless indicated to the contrary:

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

"Acts" means the Companies Acts 1985 and 1989 and all statutes and subordinate legislation for the time being in force concerning companies so far as they apply to the Company;

"Additional Director" means any director appointed pursuant to article 71;

"articles" means these articles of association as amended from time to time;

"auditors" means the auditors of the Company;

"board" means the board of directors of the Company;

"business day" means a day (not being a Saturday or Sunday) on which clearing banks are open for business in London;

"Change of Control" means, in respect of any Ordinary Shareholder being a company, the obtaining of control by any person who did not previously have control of:-

(a) such Ordinary Shareholder; or



(b) any person who has control of such Ordinary Shareholder;

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

"company" includes any body corporate (not being a corporation sole) or association of persons, whether or not a company within the meaning of the Act;

"control" means:-

- (a) the power (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) to appoint and/or remove all the members of the board of directors or other governing body of a person or such of them as are able to cast a majority of the votes capable of being cast by the members of that board or body; and/or
- (b) the holding and/or possession of the beneficial interest in and/or the ability to exercise the voting rights applicable to shares or other securities in any person which confer in aggregate on the holders more than 50 per cent. of the total voting rights exercisable at general meetings of that person;

"Controlling Interest" means shares conferring in aggregate fifty per cent. (50%) or more of the total voting rights conferred by all the shares in the capital of the Company for the time being in issue and conferring a general right to vote at general meetings of the Company;

"Default Sale" means the offering and sale of Ordinary Shares pursuant to article 34(C);

"Defaulting Shareholder" means an Ordinary Shareholder who is deemed to have appointed the Company his agent under article 34(B) and in respect of whom the Company has not subsequently given a Waiver Notice pursuant to article 34(C)(vi);

"director" means a director of the Company;

"Disinterested Directors" means all the directors, other than any director appointed by an Ordinary Shareholder which is, or any group undertaking of which is, concerned in the matter under consideration, acting unanimously;

"Disposal Notice" has the meaning given to that expression in article 37(B);

"Eligible Shareholders" means Ordinary Shareholders other than Proposing Transferors, Defaulting Shareholders and Jeopardy Shareholders and group undertakings of such persons;

"entitled by transmission" means, in relation to a share, entitled as a consequence of the death or bankruptcy of a member or of another event giving rise to a transmission of entitlement by operation of law;

"Event of Default" has the meaning given to that expression in article 34(A);

"executed" includes, in relation to a document, execution under hand or under seal or by another method permitted by law;

"Fair Value" has the meaning given to that expression in article 36;

"Group Companies" means the Company and its subsidiary undertakings for the time being and "Group Company" means any of them;

"group undertaking" means, in relation to a company, a company which is a parent undertaking or subsidiary undertaking of that company or a subsidiary undertaking of any parent undertaking of that company, for the time being;

"GTECH Shareholders" means such of GTECH U.K. Limited, a company incorporated in England and Wales under registered no. 2796326, and its group undertakings as are Ordinary Shareholders;

"Group Transferor" means a company which has transferred or proposes to transfer shares to a Member of the Same Group;

"Group Transferee" means a company for the time being holding shares in consequence (directly or indirectly) of a transfer or series of transfers of shares between Members of the Same Group (the relevant Group Transferor in the case of a series of such transfers being the first Group Transferor in such series);

"Group Transferred Shares" means and includes (so far as the same remain for the time being held by any member(s) in consequence of a transfer or series of transfers of shares to such person(s) pursuant to article 32(i)) the shares originally held by or transferred to such member(s) and any additional shares acquired by such person(s) in right of, or in exercise of any right or option granted or arising by virtue of the holding of, such shares or any shares so derived therefrom;

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

"Information Default Notice" has the meaning given to that expression in article 27;

"Jeopardy Event" means any of the following:-

- (a) a determination by OFLOT that any Group Company is not a fit and proper person to run or promote the Lottery, any person who is managing the business, or any part of the business, of a Group Company is not a fit and proper person to do so or any person for whose benefit that business is carried on is not a fit and proper person to benefit from it;
- (b) the breach of any term or condition of a licence, or the imposition of any sanction by OFLOT for breach or alleged breach of any term or condition of a licence;

- (c) the revocation, withdrawal, variation (without the agreement of the Group Company which is the licensee) or avoidance of a licence (other than the expiry of a licence by passage of time);
- (d) a determination by OFLOT not to award or grant a licence to a Group Company, to decline to renew, extend or approve the assignment of a licence, to reduce the period of or suspend a licence or to impose any material financial penalty or other sanction on a Group Company,

and for the purposes of this definition "licence" means any licence under the National Lottery Act granted or awarded to, or applied for or intended to be applied for by, any Group Company to run the Lottery or to promote lotteries under the Lottery;

"Jeopardy Person" means any Participant by reason of whose participation (when taken alone or when taken together with the participation of one or more other Participants) or actions the Disinterested Directors determine on reasonable grounds a Jeopardy Event has occurred or is reasonably likely to occur;

"Jeopardy Shareholder" means an Ordinary Shareholder who has been given a Disposal Notice in accordance with article 37(A) which has not been withdrawn in accordance with article 37(A)(ii) and who has not effected the Required Disposal called for by such Disposal Notice;

"Jeopardy Shares" means shares in the issued share capital of the Company in which a Jeopardy Person has an interest;

"Lottery" means the National Lottery as defined in the National Lottery Act;

"member" means a member of the Company;

"a Member of the Same Group" means, in relation to a company, any wholly-owned subsidiary incorporated in the United Kingdom (a) of that company, or (b) of any company of which that company is a wholly-owned subsidiary;

"Minor Shareholder" means any Ordinary Shareholder which holds by paid-up nominal value less than five per cent of the Ordinary Shares in issue for the time being and is not a member of a Shareholder Group the members of which hold in aggregate by paid-up nominal value five per cent or more of the Ordinary Shares in issue for the time being;

"National Lottery Act" means the bill entitled "National Lottery etc Bill" currently before Parliament as enacted as an Act of Parliament following Royal Assent and as modified or re-enacted or both from time to time thereafter and any subordinate legislation made thereunder;

"office" means the registered office of the Company;

"OFLOT" means the office of the Director General of the National Lottery appointed under the National Lottery Act;

"Ordinary Shares" means the ordinary shares of £1 each in the capital of the Company;

"Ordinary Shareholder" means a holder of Ordinary Shares for the time being;

"paid", "paid up" and "paid-up" include credited as paid or paid-up;

"Participant" means a person who holds, is beneficially entitled to or has an interest of any kind whatsoever in shares in the Company or who possesses voting power in the Company whether alone or jointly with one or more other persons and whether directly or through one or more nominees and "participation" in the Company shall be construed accordingly;

"Permitted Transfer" means a transfer expressly authorised by article 32;

"Proposing Transferor" means an Ordinary Shareholder who has given a Transfer Notice or who holds Ordinary Shares the subject of a Transfer Notice given under article 33(I) unless and until, if the Transfer Notice identified a Purchaser, article 33(G) applies and the period of 30 days referred to in article 33(G)(i) has expired or, if the Transfer Notice did not identify a Purchaser, article 33(G) applies and the Company has given notice to such Ordinary Shareholder in accordance with that article;

"register" means the register of members kept pursuant to section 352 of the Act;

"Relevant Share Capital" means the aggregate paid-up nominal value of Ordinary Shares held for the time being by the Relevant Shareholders;

"Relevant Shareholder" means Ordinary Shareholders other than Defaulting Shareholders, Jeopardy Shareholders, Minor Shareholders and any Ordinary Shareholder who has been given an Information Default Notice which has not been withdrawn and group undertakings of such persons;

"Required Disposal" has the meaning given to that expression in article 37(A)(i);

"seal" means, unless indicated to the contrary, the common seal of the Company or any official or securities seal that the Company may have or may be permitted to have under the Acts;

"secretary" means the secretary of the Company and includes any assistant or deputy secretary and a person appointed by the board to perform the duties of the secretary;

"Shareholder Group" means a group of Ordinary Shareholders which are, in relation to each other, group undertakings;

"Subsidiary" means Camelot Group plc, a company incorporated in England and Wales under registered no. 2822203;

"Super Controlling Interest" means shares conferring in aggregate seventy-five per cent. (75%) or more of the total voting rights conferred by all the shares in the capital of the

Company for the time being in issue and conferring a general right to vote at general meetings of the Company;

"Takeover Offer" has the meaning given to that expression in article 35(A) or article 35(B), as the case may be;

"Ten Percent Shareholder" means:

- (a) an Ordinary Shareholder, other than a member of a Shareholder Group, who holds less than one fifth and not less than one tenth by paid-up nominal value of the Ordinary Shares in issue for the time being; or
- (b) an Ordinary Shareholder which, or a group undertaking of which, was a member at the date of adoption of the articles, which has not transferred any Ordinary Shares to any person at any time and solely as a result of the issue of Ordinary Shares to other persons, holds less than one-fifth but not less than one-twentieth by paid-up nominal value of the Ordinary Shares in issue for the time being;

"Ten Percent Shareholder Group" means:-

- (a) a Shareholder Group the members of which hold in aggregate less than one fifth and not less than one tenth by paid-up nominal value of the Ordinary Shares in issue for the time being; or
- (b) a Shareholder Group any member of which, or any group undertaking of any member of which, was a member of the Company at the date of adoption of the articles, no member of which has transferred any Ordinary Shares at any time otherwise than to a Member of the Same Group and the members of which solely as a result of the issue of Ordinary Shares to other persons hold in aggregate less than one-fifth but not less than one-twentieth by paid-up nominal value of the Ordinary Shares in issue for the time being;

"Twenty Percent Shareholder" means an Ordinary Shareholder, other than a member of a Shareholder Group, who holds not less than one fifth by paid-up nominal value of the Ordinary Shares in issue for the time being;

"Twenty Percent Shareholder Group" means a Shareholder Group the members of which hold in aggregate not less than one fifth by paid-up nominal value of the Ordinary Shares in issue for the time being.

- (B) Words and expressions contained in these articles which are not defined in paragraph (A) have, unless the contrary is indicated, the same meaning as in the Act, but excluding any statutory modification to the Act not in force at the date of adoption of these articles.
- (C) Where an ordinary resolution of the Company is expressed to be required for any purpose, a special or extraordinary resolution shall also be effective for that purpose, and where an

extraordinary resolution is expressed to be required for any purpose, a special resolution shall also be effective for that purpose.

- (D) The headings in the articles shall not affect the interpretation of the articles.

2. **Table A not to apply**

No regulations contained in any statute or subordinate legislation, including the regulations contained in Table A in the schedule to the Companies (Tables A to F) Regulations 1985 (as amended), apply as the regulations or articles of association of the Company.

3. **Variation of memorandum and articles**

On a resolution put to any general meeting of the Company or any meeting of a class of members to vary the memorandum of association of the Company or the articles in any manner whatsoever ("amending resolution"), for the purposes of voting against any amending resolution, if necessary, the voting rights attaching to the Ordinary Shares held by each Relevant Shareholder shall be increased so that the votes that may be cast by such Relevant Shareholder exceed by one vote one third of all the votes that may be cast by other members in respect of that resolution, such additional votes to be divided as determined by the board as nearly as practicable (without creating fractions of votes) equally between the Ordinary Shares held by that Relevant Shareholder.

**PRIVATE COMPANY**

4. **Private company**

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**

5. **Authorised capital**

The authorised share capital of the Company at the date of adoption of these articles is £100,000,000 divided into 100,000,000 ordinary shares of £1 each ("Ordinary Shares").

6. **Allotment**

- (A) Subject to the Acts, the articles and relevant authority of the Company in general meeting required by the articles and the Acts, the board has general and unconditional authority to allot, grant options over, offer or otherwise deal with or dispose of unissued shares (whether forming part of the original or any increased capital), or rights to subscribe for or convert any security into shares, to such persons, at such times and on such terms and conditions as the board may decide but no share may be issued at a discount.

- (B) Subject to paragraphs (D) and (F) below, the board has general authority, pursuant to section 80 of the Act, to exercise all powers of the Company to allot relevant securities up to an aggregate nominal amount equal to the section 80 amount, for each prescribed period.
- (C) The pre-emption provisions of section 89(1) of the Act and the provisions of sub-sections (1) to (6) inclusive of section 90 of the Act do not apply to an allotment of the Company's equity securities.
- (D) No Company securities shall be allotted for cash or otherwise other than:
- (i) allotments of Company securities where the securities have been offered to Relevant Shareholders, and are allotted, in accordance with paragraph (E) below or such other terms as are agreed in writing by all the Relevant Shareholders or to such other persons and on such other terms as are agreed in writing by all the Relevant Shareholders;
  - (ii) allotments of Company securities pursuant to a share option scheme approved by the Company in general meeting.
- (E)
- (i) An offer pursuant to sub-paragraph (i) of paragraph (D) above shall be made by notice given to each Relevant Shareholder specifying the number of Company securities offered, the special rights and restrictions (if any) attaching to such securities, the proportionate entitlement of the specific Relevant Shareholder and the price per share and limiting a period (not being less than 21 days) within which the offer, if not accepted, will be deemed to be declined.
  - (ii) The directors shall, within 21 days of the expiry of such period and subject to receipt of the subscription monies, allot the Company securities so offered to or amongst the Relevant Shareholders who have notified their willingness to take all or any of such Company securities on terms that in case of competition the Company securities so offered shall be allotted to each acceptor pro rata (as nearly as may be without involving fractions of Company securities or increasing the number allotted to any Relevant Shareholder beyond that applied for by him) to the proportion that such acceptor's holding of Ordinary Shares (calculated by paid-up nominal value) bears to the Relevant Share Capital provided that if then any Company securities so offered remain unallocated and there remain unsatisfied acceptances, the unallocated Company securities shall be allotted to the acceptors whose acceptances remain unsatisfied (as nearly as may be without involving fractions of Company securities or increasing the number allotted to any Relevant Shareholder beyond that applied for by him) to the proportion that such acceptor's holding of Ordinary Shares (calculated by paid-up nominal value) bears to the Relevant Share Capital and this process shall be repeated until all of the Company securities concerned have been allotted or all the acceptances are satisfied in full.
  - (iii) The board shall be entitled to issue any Company securities in respect of which Relevant Shareholders have not notified their willingness to accept to any third party nominated or approved in writing by all the Relevant Shareholders at a price not less than the price at which such Company securities were first offered to the Relevant

Shareholders provided that no Company securities shall be issued to any third party unless such third party first duly enters into and produces to the Company a deed of adherence in accordance with any agreement in force for the time being between all the Relevant Shareholders.

- (F) No Company securities shall be allotted on terms that the right to take up the Company securities allotted may be renounced in favour of, or assigned to, another person and no person entitled to allotment of a Company security may direct that such security may be allotted or issued to any other person.
- (G) By the authority and power conferred by paragraph (B), the board may during a prescribed period make an offer or agreement which would or might require relevant securities to be allotted after the prescribed period and may allot securities in pursuance of that offer or agreement.
- (H) In this article:
  - (i) "Company securities" means shares in the share capital of the Company or rights to subscribe for, or to convert securities into, such shares;
  - (ii) "prescribed period" means, first, the period of five years from the date of adoption of these articles and, after expiry of that prescribed period, any subsequent period for which the authority conferred by paragraph (B) is renewed by ordinary or special resolution stating the section 80 amount;
  - (iii) "section 80 amount" means, for the first prescribed period, £99,999,995 and, for a subsequent prescribed period, the amount stated in the relevant ordinary or special resolution or, in either case, another amount fixed by resolution of the Company;
  - (iv) the nominal amount of securities is, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of shares which may be allotted pursuant to those rights.

**7. Power to attach rights**

Subject to the Acts and to the rights attached to existing shares, new shares may be allotted or issued with or have attached to them such special rights or restrictions as the board may decide.

**8. Redeemable shares**

Subject to the Acts and to the rights attached to existing shares, shares may be issued on terms that they are to be redeemed or, at the option of the Company or the holder, are liable to be redeemed.

**9. Variation of rights**



- (A) Subject to the Acts, the rights attached to a class of shares may be varied whether or not the Company is being wound up (i) in such manner (if any) as may be provided by those rights, or (ii) in the absence of provision, with the consent in writing of all of the Relevant Shareholders and the holders of three-fourths or more by paid-up nominal value of the issued shares of that class, but not otherwise.
- (B) The rights attached to a class of shares are not, unless otherwise expressly provided in the rights attaching to those shares, deemed to be varied by the creation or issue of further shares ranking *pari passu* with or subsequent to them or by the redemption by the Company of its own shares in accordance with the Acts.

**10. Commission**

The Company may exercise all powers conferred or permitted by the Acts of paying commission or brokerage. Subject to the Acts, commission or brokerage may be satisfied by the payment of cash or the allotment of fully- or partly-paid shares or the grant of an option to call for an allotment of shares or by any combination of these methods.

**11. Trusts not recognised**

Except as ordered by a court of competent jurisdiction or as required by law, the Company shall not recognise a person as holding a share on trust and is not bound by or otherwise compelled to recognise (even if it has notice of it) an equitable, contingent, future, partial or other claim to or interest in a share other than an absolute right in the holder to the whole of the share.

**SHARE CERTIFICATES**

**12. Right to certificate**

- (A) Subject to the Acts, a person on becoming the holder of a share is entitled, unless the terms of issue of the shares provide otherwise, without charge, to one certificate for all the shares of a class registered in his name or, in the case of shares of more than one class being registered in his name, to a separate certificate for each class of shares.
- (B) Where a member transfers part of his shares comprised in a certificate he is entitled, without charge, to one certificate for the balance of shares retained by him.
- (C) The Company is not bound to issue more than one certificate for shares held jointly by two or more persons and delivery of a certificate to one joint holder is sufficient delivery to all joint holders.
- (D) A certificate shall specify the number and class and the distinguishing numbers (if any) of the shares in respect of which it is issued and the amount paid up on the shares. It shall be issued under a seal, which may be affixed to or printed on it, or in such other manner having the same effect as if issued under a seal as the board may approve.

**13. Replacement certificates**

- (A) Where a member holds two or more certificates for shares of one class, the board may at his request, on surrender of the original certificates and without charge, cancel the certificates and issue a single replacement certificate.
- (B) At the request of a member, the board may cancel a certificate and issue two or more in its place (representing shares in such proportions as the member may specify), on surrender of the original certificate and on payment of such reasonable sum as the board may decide.
- (C) Where a certificate is worn out, defaced, lost or destroyed, the board may cancel it and issue a replacement certificate on such terms as to provision of evidence and indemnity (with or without security) and to payment of any exceptional out-of-pocket expenses incurred by the Company in the investigation of that evidence and the preparation of that indemnity and security as the board may decide, and on surrender of the original certificate (where it is worn out or defaced).

#### LIEN

##### 14. Company's lien on shares not fully paid

- (A) The Company has a first and paramount lien on every share (other than a fully-paid share) registered in the name of a member (whether solely or jointly with another person) for an amount payable in respect of the share, whether the due date for payment has arrived or not. The lien applies to all dividends from time to time declared or other amounts payable in respect of the share.
- (B) The board may either generally or in a particular case declare a share to be wholly or partly exempt from the provisions of this article. Unless otherwise agreed with the transferee, the registration of a transfer of a share operates as a waiver of the Company's lien (if any) on that share.

##### 15. Enforcement of lien by sale

- (A) Subject to paragraph (C), for the purpose of enforcing the lien, the board may sell shares subject to the lien in such manner as it may decide, if the due date for payment of the relevant amounts has arrived and payment is not made within 14 clear days after the service of a notice in writing (stating, and demanding payment of, the amounts and giving notice of the intention to sell in default of payment) on the member concerned (or to a person entitled by transmission to the shares).
- (B) To give effect to a sale, the board may authorise a person to execute an instrument of transfer of shares in the name and on behalf of the holder of or the person entitled by transmission to the shares to the purchaser or his nominee. The purchaser is not bound to see to the application of the purchase money and the title of the transferee is not affected by an irregularity in or invalidity of the proceedings connected with the sale.
- (C) All shares to be sold in the enforcement of the Company's lien shall be offered in accordance with article 6(E) as if they were Company securities and reading the word "sold" in place of the word "allotted".

16. Application of proceeds of sale

The net proceeds of a sale effected under the previous article, after payment of the costs of the sale, shall be applied by the Company in or towards satisfaction of the amount in respect of which the lien exists. Any residue shall (on surrender to the Company for cancellation of the certificate for the shares sold, or the provision of any indemnity (with or without security) as to any lost or destroyed certificate required by the board and subject to a like lien for amounts not presently payable as existed on the shares before the sale) be paid to the member or a person entitled by transmission to the shares immediately before the sale.

**CALLS ON SHARES**

17. Calls

Subject to the terms of allotment of shares, the board may make calls on members in respect of amounts unpaid on the shares or a class of shares held by them respectively (whether in respect of nominal value or a premium) and not payable on a date fixed by or in accordance with the terms of issue. Each member shall (on receiving at least 14 clear days' notice specifying when and where payment is to be made) pay to the Company the amount called as required by the notice. A call may be made payable by instalments and may, at any time before receipt by the Company of an amount due, be revoked or postponed in whole or in part as the board may decide. A call is deemed made at the time when the resolution of the board authorising it is passed. A person on whom a call is made remains liable to pay the amount called despite the subsequent transfer of the share in respect of which the call is made. The joint holders of a share are jointly and severally liable for payment of a call in respect of that share.

18. Interest on calls

If the whole of the amount called is not paid on or before the date fixed for payment, the person by whom it is payable shall pay interest on the unpaid amount at such rate as may be fixed by the terms of allotment of the share or, if no rate is fixed, at such rate (not exceeding, without the sanction of the Company given by ordinary resolution, 20 per cent. per annum) as the board may decide, from and including the date fixed for payment until but excluding the date of actual payment and all costs, charges and expenses incurred by the Company by reason of the non-payment. The board may waive payment of the interest in whole or in part.

19. Payment in advance

The board may, if it thinks fit, receive from a member all or part of the amounts uncalled and unpaid on shares held by him. A payment in advance of calls extinguishes to the extent of the payment the liability of the member on the shares in respect of which it is made. The Company may pay interest on the amount paid in advance, or on so much of it as from time to time exceeds the amount called on the shares in respect of which the payment in advance has been made, at such rate (not exceeding, without the sanction of the Company given by ordinary resolution, 20 per cent. per annum) as the board may decide.

**20. Amounts due on allotment treated as calls**

An amount which becomes payable in respect of a share on allotment or on a date fixed pursuant to the terms of allotment (whether in respect of nominal value or a premium) or as an instalment of a call, is deemed to be a call. In case of non-payment, the provisions of the articles as to payment of interest and costs, charges and expenses, forfeiture or otherwise apply as if that amount has become payable by virtue of a call.

**FORFEITURE**

**21. Notice if call not paid**

If a member fails to pay the whole of a call or an instalment of a call on or before the date fixed for payment, the board may serve notice on the member or on a person entitled by transmission to the share in respect of which the call was made demanding payment, on a date not less than 14 clear days from the date of the notice, of the amount of the call outstanding and any interest that may have accrued on it and all costs, charges and expenses incurred by the Company by reason of the non-payment. The notice shall state (i) the place where payment is to be made, and (ii) that if the notice is not complied with the share in respect of which the call was made will be liable to be forfeited.

**22. Forfeiture for non-compliance**

If the notice referred to in the previous article is not complied with, a share in respect of which it is given may, at any time before payment required by the notice has been made, be forfeited by a resolution of the board. The forfeiture includes all dividends declared or other amounts payable in respect of the forfeited share and not paid before the forfeiture.

**23. Notice after forfeiture**

When a share has been forfeited, the Company shall serve notice of the forfeiture on the person who was before forfeiture the holder of the share or the person entitled by transmission to the share but no forfeiture is invalidated by an omission to give notice. An entry of the fact and date of forfeiture shall be made in the register.

**24. Disposal of forfeited shares**

(A) Until cancelled in accordance with the Acts, forfeited shares and all rights attaching to them are deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before the forfeiture the holder or, subject to paragraph (D), to another person, on such terms and in such manner as the board may decide. Where for this purpose a forfeited share is to be transferred, the board may authorise a person to execute an instrument of transfer of the share to the transferee. The Company may receive the consideration (if any) for the share on its disposal and may register the transferee as the holder of the share.

(B) The board may before a forfeited share has been cancelled, sold, re-allotted or otherwise disposed of annul the forfeiture on such conditions as it thinks fit.

- (C) A statutory declaration by a director or the secretary that a share has been forfeited on the date stated in the declaration is conclusive evidence of the facts stated in the declaration against all persons claiming to be entitled to the share. The declaration (subject if necessary to the execution of an instrument of transfer) constitutes good title to the share and the person to whom the share is disposed of is not bound to see to the application of the consideration (if any). His title to the share is not affected by an irregularity in or invalidity of the proceedings connected with the forfeiture or disposal.
- (D) All shares to be sold in the enforcement of the Company's rights of forfeiture other than to the person who was before the forfeiture the holder, shall be offered and sold in accordance with article 6(E) as if they were Company securities and reading the word "sold" in place of the word "allotted".

**25. Arrears to be paid notwithstanding forfeiture**

A person whose share has been forfeited ceases on forfeiture to be a member in respect of it and shall surrender to the Company for cancellation the certificate for the forfeited shares or shares. He remains liable to pay, and shall immediately pay to the Company, all calls, interest, costs, charges and expenses owing in respect of the share at the time of forfeiture, with interest, from the time of forfeiture until payment, at such rate as may be fixed by the terms of allotment of the share or, if no rate is fixed, at the rate (not exceeding, without the sanction of the Company given by ordinary resolution, 20 per cent. per annum) as the board may decide. The board may if it thinks fit enforce payment without allowance for the value of the share at the time of forfeiture or for consideration received on disposal.

**26. Surrender**

The board may accept the surrender of a share liable to be forfeited and in that case references in the articles to forfeiture include surrender.

**PROVISION OF INFORMATION**

**27. Provision of information**

- (A) The board may at any time and from time to time serve a notice upon any member, the representative of any member appointed pursuant to section 375 of the Act, the receiver, administrator, administrative receiver or the liquidator of any corporate member or any person named as transferee in any transfer lodged for registration, requiring him within a reasonable time (not being less than 14 days) to furnish the Company with such information and evidence as may be available to, or within the control of, such person and as the board shall reasonably require for the purpose of determining whether a transfer of shares is in accordance with the articles or an Event of Default has occurred in relation to such member or such member or any other person is a Jeopardy Person.
- (B) If such information and evidence is not furnished within the time prescribed in such notice, subject as provided below the board may give such person a further notice ("Information Default Notice") calling upon such person within a reasonable time (not being less than 7 days) after the service of the Information Default Notice, to furnish to the directors such

information or evidence or further information or further evidence as is available to, or within the control of, such person and as the board may reasonably require for the purpose of such determination. Provided that the giving of such further notice to such person shall be approved by a resolution adopted at a board meeting by three-fourths of the directors present and entitled to vote. The Information Default Notice shall set out the restrictions referred to in article 38.

- (C) Where a notice is served pursuant to this article on any person who is not a member, a copy of such notice shall be served at the same time and in the same manner on the relevant corporate member or the member named as transferor in the relevant transfer.
- (D) The board shall withdraw an Information Default Notice upon reasonable compliance with the requirements of such notice or, in the case of a proposed transfer of shares receipt of written confirmation from the member named as transferor in the relevant transfer that such transfer will not take place and that he remains the owner of the entire legal and beneficial interest in the shares the subject of the transfer notice.

### **TRANSFER OF SHARES**

#### **28. Form of transfer**

Subject to articles 29, 31, 32 and 33 below, a member may transfer all or any of his shares by instrument of transfer in writing in any usual form or in another form approved by the board, and the instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid) by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register in respect of it.

#### **29. Right to refuse registration**

- (A) The board may, in its absolute discretion, refuse to register the transfer of a share unless all of the following conditions are satisfied:
  - (i) it is in respect of a share which is fully paid;
  - (ii) it is in respect of a share on which the Company has no lien;
  - (iii) it is in respect of only one class of shares;
  - (iv) it is in favour of a single transferee or not more than four joint transferees;
  - (v) it is duly stamped (if required by law as a condition to registration); and
  - (vi) it is delivered for registration to the office or such other place as the board may decide, accompanied by the certificate for the shares to which it relates and such other evidence as the board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.

- (B) The board shall refuse to register the transfer of a share unless it is reasonably satisfied that the transferor has complied with the provisions of the articles applicable to such transfer.
- (C) The board may refuse to register any transfer of a share to any person who is a Jeopardy Person or would be a Jeopardy Person if such transfer is registered.
- (D) The board may, in its absolute discretion, refuse to register a transfer in relation to which it has required information and evidence to be furnished to the Company in accordance with article 27 pending such information or evidence being furnished.
- (E) If the board refuses to register the transfer of a share it shall, as soon as reasonably practicable and in any event within 30 days after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee and the transferor and shall outline in such notice the reasons for such refusal. An instrument of transfer which the board refuses to register shall (except in the case of suspected fraud) be returned to the person depositing it. All instruments of transfer which are registered may, subject to article 134, be retained by the Company.

**30. Fees on registration**

No fee may be charged by the Company for registering the transfer of a share or other document relating to or affecting the title to a share or the right to transfer it or for making any other entry in the register.

**RESTRICTION ON TRANSFER OF SHARES**

**31. General restrictions on transfer**

- (A) The right to transfer Ordinary Shares shall be subject to the rights and restrictions set out in this article and articles 32 and 33 and no Ordinary Shares nor any interest therein shall be transferred to or become vested in any person otherwise than in accordance with such provisions.
- (B) No Ordinary Share shall be transferred unless the transferee duly enters into a deed of adherence in accordance with any agreement in force for the time being between all the Relevant Shareholders and the board shall refuse to register any such transfer unless an appropriate duly executed deed of adherence is produced to the Company.
- (C) No transfer, disposal, charge, mortgage, assignment or other dealing in any Ordinary Shares or any interest or right therein shall occur other than the transfer of the whole legal and equitable title to such Ordinary Shares free from all liens, charges and encumbrances and with all rights, title and interest in existence at the date of transfer together with all rights which may arise in respect thereof thereafter and "transfer" in the context of a transfer of Ordinary Shares, shall be construed accordingly in these articles.
- (D) Except pursuant to a Permitted Transfer and except in accordance with articles 33, 34, 35 and 37, an Ordinary Shareholder shall only be entitled to transfer all (and not part only) of his holding to a single person.

- (E) During the period commencing on the date of the first application by a Group Company for the licence under the National Lottery Act to run the Lottery and expiring eighteen months after the date of the sale of the first ticket under the first such licence granted to a Group Company and during the period commencing eighteen months prior to the due date for expiry of that licence for the time being and ending on the actual date of expiry of that licence, no Ordinary Share may be transferred other than pursuant to a Permitted Transfer or pursuant to articles 34, 35 or 37.

**32. Permitted transfers**

Subject to the over-riding provisions of articles 29 and 31, shares may at any time be transferred:-

- (i) by any company to a company which is a Member of the Same Group; or
- (ii) to any person with the prior written consent of all the Relevant Shareholders.

**33. Pre-emption on transfer**

- (A) Subject to paragraph (I) and except in the case of a Permitted Transfer, before a transfer of any Ordinary Shares the person proposing to transfer the same (the "Proposing Transferor", as more particularly defined in article 1(A)) shall give a notice in writing (a "Transfer Notice") to the Company:

- (i) stating that the Proposing Transferor wishes to transfer his entire holding of Ordinary Shares (the "Sale Shares") and whether or not the Proposing Transferor is willing to transfer part only of the Sale Shares;
- (ii)
  - (a) stating the identity of the person to whom he wishes to transfer the same (the "Purchaser") and the identity of all persons other than the Purchaser who, to the best of the Proposing Transferor's information and belief, if such disposal is completed, will be interested in the same; or
  - (b) stating that he wishes the Sale Shares to be offered to the Ordinary Shareholders subject to and in accordance with the provisions of this article; and
- (iii)
  - (a) if the Transfer Notice identifies a Purchaser, certifying to the Company (a) the total cash consideration (if any), ("Cash Consideration") which the Purchaser is prepared to give in connection with the purchase of the Sale Shares, (b) a reasonable description of any non-cash consideration (if any) ("Non-cash Consideration") which the Purchaser is prepared to give in connection with the purchase of the Sale Shares, and (c) a fair market value of the Non-cash Consideration to the Proposing Transferor as at the date of the Transfer Notice and an explanation of the basis of such valuation; or



- (b) if the Transfer Notice does not identify a Purchaser, stating the price per share at which the Proposing Transferor is willing to dispose of the Sale Shares;

Provided that if the Transfer Notice identifies a Purchaser, such Transfer Notice shall not be effective unless, if required by the board, the Proposing Transferor shall deliver to the Company sufficient evidence as the directors may reasonably require to be satisfied that the Purchaser has agreed to purchase the shares in pursuance of a bona fide sale for the consideration stated in the certification without any deduction, rebate or allowance whatsoever. The Transfer Notice shall constitute the Company as the agent of the Proposing Transferor for the sale of the Sale Shares (together with all rights then attached thereto) at the Prescribed Price in accordance with this article and, subject to paragraph (D)(ii) and (vi) and paragraph (H) below, shall be irrevocable except with the consent of the board.

(B) The "Prescribed Price" shall be:

- (i) if the Transfer Notice identified a Purchaser, subject to paragraph (D)(iii) and (iv), the price per share equal to the product of the following formula: A divided by B, where "A" is the aggregate of the Cash Consideration and the fair market value of the Non-cash Consideration (if any) which the Proposing Transferor shall have certified in the Transfer Notice and "B" is the number of Sale Shares; and
- (ii) if the Transfer Notice does not identify a Purchaser the price per share stated by the Proposing Transferor in the Transfer Notice.

(C) (i) The secretary shall within 3 business days of receipt of the Transfer Notice by notice in writing (the "Offer Notice") offer the Sale Shares for purchase at the Prescribed Price to the Eligible Shareholders on terms that in case of competition the shares so offered shall be sold to each acceptor pro rata (as nearly as may be without involving fractions of shares or increasing the number sold to any acceptor beyond that applied for by him) to the proportion that such acceptor's holding of Ordinary Shares (calculated by number) bears to the aggregate number of Ordinary Shares held by all the acceptors. Provided that if then any shares so offered remain unallocated and there remain unsatisfied acceptances, the unallocated shares shall be sold to each acceptor whose acceptance remains unsatisfied pro rata (as nearly as may be without involving fractions of shares or increasing the number sold to any acceptor beyond that applied for by him) to the proportion that such acceptor's holding of Ordinary Shares (calculated by number) bears to the aggregate number of Ordinary Shares held by all the acceptors whose acceptances remain unsatisfied and this process shall be repeated until all of the shares concerned have been allocated or all the acceptances are satisfied in full.

- (ii) The Offer Notice shall set out the information required to be contained in the Transfer Notice and shall state a date (not being less than 14 days nor more than 21 days later than the date on which the Offer Notice is served) by which it must be accepted or in default will lapse.

- (D) (i) If the Prescribed Price comprises in whole or in part any value attributed by the Proposing Transferor to the Non-cash Consideration, any Eligible Shareholders holding not less than one-tenth by paid-up nominal value of the Ordinary Shares in issue may within 14 days of the date on which the First Offer Notice is served by notice in writing ("Objection Notice") to the Company object to the value attributed to the Non-cash Consideration. The Company shall within 3 business days of service of an Objection Notice send a copy of such notice to each Eligible Shareholder.
- (ii) If an Objection Notice is given in accordance with sub-paragraph (i) above, the Proposing Transferor may, by notice in writing given to the Company within 5 business days of receipt by the Proposing Transferor of a copy of the Objection Notice, revoke the Transfer Notice.
- (iii) If an Objection Notice is given to the Company under sub-paragraph (i) above and the Proposing Transferor has not revoked the Transfer Notice under sub-paragraph (ii) above, the Proposing Transferor and the Eligible Shareholders shall attempt to agree the market value of the Non-cash Consideration as at the date of the Transfer Notice and shall give notice in writing to the Company of any value so agreed and such agreed value shall be used to determine the Prescribed Price in accordance with paragraph (B).
- (iv) If no value is agreed and notified to the Company in accordance with sub-paragraph (iii) above within 14 days of the expiry of the period allowed to the Proposing Transferor to revoke the Transfer Notice under sub-paragraph (ii) above, the board shall forthwith refer the matter to an independent firm of Chartered Accountants of appropriate standing of its choice who shall be instructed to determine as soon as reasonably practicable the fair market value of the Non-cash Consideration to the Proposing Transferor as at the date of the Transfer Notice. The Company and each Ordinary Shareholder shall use its reasonable endeavours to ensure that the firm so selected (the "Accountants") submits its valuation to the Company within 21 days of its being instructed. The fair market value determined by such Accountants shall be used to determine the Prescribed Price in accordance with paragraph (B) and shall be notified by the Company to all Eligible Shareholders within 3 business days of determination.
- (v) If the value of the Non-cash Consideration determined by the Accountants is less than ninety per cent. (90%) of the value stated by the Proposing Transferor in the Transfer Notice, the cost of such valuation shall be borne by the Proposing Transferor. If the value of the Non-cash Consideration determined by the Accountants is ninety per cent. (90%) or more of the value stated by the Proposing Transferor in the Transfer Notice, the cost of such valuation shall be borne by the Eligible Shareholders that gave the Objection Notice pro rata to their respective holdings of Ordinary Shares.
- (vi) If the value of the Non-cash Consideration determined by the Accountants is less than ninety per cent (90%) of the value stated in the Transfer Notice, the Proposing Transferor may by notice in writing given to the Company within 5 business days of receipt by the Proposing Transferor of the notification referred to in sub-paragraph (iv) above, revoke the Transfer Notice.

- (vii) Where an Objection Notice is duly given to the Company under sub-paragraph (i) above and if the Proposing Transferor has not revoked the Transfer Notice pursuant to sub-paragraph (vi) above, the secretary shall within 3 business days of the earlier of the date on which the value of the Non-cash Consideration is agreed between the Proposing Transferor and the Eligible Shareholders and the date on which the period prescribed in sub-paragraph (vi) above expires, re-offer the Sale Shares to the Eligible Shareholders in accordance with paragraph (D) and the provisions of this article other than this paragraph (D) shall apply.
  - (viii) The Accountants instructed in accordance with sub-paragraph (iv) above shall be deemed to act hereunder as experts and not as arbitrators and their determination shall be final and binding on all persons concerned and in the absence of fraud the Accountants shall be under no liability to any person by reason of their determination or certificate or anything done or permitted to be done by them for the purposes thereof or in connection therewith.
- (E) If the Company shall find Eligible Shareholders ("Acceptors") in accordance with paragraph (C) to purchase all or part of the Sale Shares, it shall, within 3 business days of the earlier of finding Acceptors for all the Sale Shares and the offer pursuant to the Offer Notice lapsing, give notice in writing thereof to the Proposing Transferor whereupon the Proposing Transferor shall be bound, upon payment of the Prescribed Price, to transfer such shares to the respective Acceptors. Provided that unless the Transfer Notice shall state that the Proposing Transferor is willing to transfer part only of the Sale Shares the Proposing Transferor shall not be bound to transfer any Sale Shares to any Acceptors unless the Company shall have found Acceptors for the whole of such shares. Every such notice shall state the name and address of the Acceptors and the number of shares agreed to be purchased by each of them and the purchase shall be completed at a place and time to be appointed by the Company not being less than three business days nor more than ten business days after the date of such notice.
- (F) If a Proposing Transferor shall fail or refuse to transfer any shares to an Acceptor pursuant to paragraph (E) above the Company may authorise some person to execute and deliver on his behalf the necessary transfer and the Company may receive the purchase money in trust for the Proposing Transferor and cause the Acceptor to be registered as the holder of such shares. The receipt of the Company for the purchase money shall be a good discharge to the Acceptor (who shall not be bound to see to the application thereof) and after the Acceptor has been registered in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.
- (G) If the Company shall not find Acceptors in accordance with paragraph (C) willing to purchase all of the Sale Shares or if the board considers (acting reasonably) and resolves that the Company has no prospect of finding Acceptors of the Sale Shares in accordance with paragraph (C), the Company shall, within 3 business days of the earlier of the offer pursuant to the Offer Notice lapsing and the board adopting such resolution, give to the Proposing Transferor notice in writing accordingly and thereafter:
- (i) if the Transfer Notice identified a Purchaser, subject to article 35, at any time up to the expiration of 30 days after such notice is served by the Company, the Proposing

Transferor shall be at liberty to transfer to the Purchaser pursuant to a bona fide sale at any price not being less than the Prescribed Price either:

- (a) all (and not part only) of the Sale Shares; or
- (b) if the Transfer Notice shall state that the Proposing Transferor is willing to transfer part only of the Sale Shares, all (and not part only) of the Sale Shares which the Company has not given notice that it has found (or has given notice that it has no prospect of finding) Acceptors,

Provided that the board may require to be reasonably satisfied that such shares are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance whatsoever to the Purchaser and if not so satisfied may refuse to register the transfer; and

- (ii) if the Transfer Notice did not identify a Purchaser, the Proposing Transferor shall not by virtue thereof be at liberty to transfer to any person but shall be entitled to retain either:

- (a) the Sale Shares; or
- (b) if the Transfer Notice shall state that the Proposing Transferor is willing to transfer part only of the Sale Shares, all the Sale Shares for which the Company has not given notice that it has found (or has given notice that it has no prospect of finding) Acceptors.

- (H) (i) Where a Transfer Notice identifies a Purchaser and such Purchaser is a GTECH Competitor (as defined in paragraph (ii) below), a GTECH Shareholder may within 14 days of the giving of the Offer Notice by notice in writing given to the Company and the Proposing Transferor object to the transfer of any Ordinary Shares to the Purchaser whereupon the Transfer Notice shall be revoked automatically.

- (ii) In this paragraph (H), "GTECH Competitor" means a person or entity that is or seeks to be engaged in the business of operating and/or providing goods and/or services which are the same as or substantially similar to the goods and/or services supplied by any GTECH Shareholder or any group undertaking of any GTECH Shareholder to lotteries or other wagering or gaming enterprises authorised by any government.

- (I) Unless all the Relevant Shareholders give their prior written consent, where an Ordinary Shareholder is proposing to dispose of its shares and any of its group undertakings also hold Ordinary Shares, such Ordinary Shareholder shall not give a Transfer Notice unless it includes in such Transfer Notice all the Ordinary Shares held by each of its group undertakings and such Transfer Notice states a wish to transfer all such shares to the same person (if any), at the same price and otherwise on the same terms and companies which are in relation to each other group undertakings authorise each other to give a Transfer Notice in accordance with this paragraph (I), this article and otherwise on such terms as such group undertaking thinks fit relating to the Ordinary Shares held by it. Where a Transfer Notice

given in accordance with this paragraph (I) states that the Proposing Transferors are willing to sell part only of the Sale Shares, if the Company shall not find Acceptors in accordance with paragraph (C) willing to purchase all of the Sale Shares or if the board considers (acting reasonably) and resolves that the Company has no prospect of finding Acceptors for the Sale Shares in accordance with paragraph (C), for the purposes of paragraphs (E) and (G) acceptances from various Acceptors may be allocated between Proposing Transferors as the board thinks fit provided that for the purposes of paragraph (G) acceptances (if any) shall be allocated in number between each of the Proposing Transferors pro rata to the number of Sale Shares held by each of them. For the purposes of this article, where a Transfer Notice is given in accordance with this paragraph (I) references to the Proposing Transferor shall be to each Proposing Transferor of Ordinary Shares the subject of the Transfer Notice.

#### **COMPULSORY TRANSFER ON DEFAULT**

##### **34. Compulsory transfer on default**

###### **(A) It shall be an event of default ("Event of Default") if:**

- (i) an Ordinary Shareholder commits a material breach of any agreement (a "shareholders agreement") in force for the time being between the Ordinary Shareholder in question and all the Relevant Shareholders (other than arising solely from breach of any agreement to which it is a party entered into pursuant to a shareholders agreement) and (if capable of remedy) fails to remedy the same within 30 days of written notice to do so being given by any other Ordinary Shareholder; or**
- (ii) an Ordinary Shareholder becomes guilty of persistent breach of a shareholders agreement (other than arising solely from breach of any agreement to which it is a party entered into pursuant to a shareholders agreement); or**
- (iii) an order is made by a court of competent jurisdiction, or resolution is passed, for the winding-up of an Ordinary Shareholder (otherwise than a members' voluntary winding up in the course of a reorganisation or restructuring) or any analogous proceeding or action is taken; or**
- (iv) a petition is presented to a court of competent jurisdiction for an order for the administration of, or an application is made for analogous proceedings in respect of, an Ordinary Shareholder; or**
- (v) a manager, receiver, administrative receiver, liquidator, administrator, trustee or other similar officer is appointed over the whole or a substantial part of the undertaking, property or assets of, or any Ordinary Shares held by, an Ordinary Shareholder; or**
- (vi) any encumbrancer takes possession of the whole or a substantial part of the undertaking, property or assets of, or any of the Ordinary Shares held by, an Ordinary Shareholder; or**

- (vii) an Ordinary Shareholder convenes a meeting of its creditors or makes or proposes any arrangement or composition with, or any assignment for the benefit of, its creditors; or
  - (viii) a petition is presented for a bankruptcy order against an Ordinary Shareholder or an Ordinary Shareholder, being an individual, has an interim order made against him pursuant to section 251 of the Insolvency Act 1986, makes an arrangement or compounds with his creditors generally, applies for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act or is made the subject of analogous proceedings or makes analogous arrangements or applications in any jurisdiction; or
  - (ix) an Ordinary Shareholder is dissolved or otherwise ceases to exist; or
  - (x) a Change of Control occurs in respect of an Ordinary Shareholder; or
  - (xi) an Ordinary Shareholder at any time attempts to deal with, or dispose of, an Ordinary Share or any interest therein or right attaching thereto otherwise than in accordance with the provisions of the articles; or
  - (xii) unless previously approved in writing by all Relevant Shareholders, while it holds Group Transferred Shares, a Group Transferee ceases to be a Member of the Same Group as the Group Transferor from which (whether directly or by a series of transfers expressly authorised under article 32(i)) the Group Transferred Shares were derived.
- (B) If an Event of Default occurs in relation to an Ordinary Shareholder such Ordinary Shareholder and each of its group undertakings which is an Ordinary Shareholder (if any) shall be deemed:
- (i) in the case of the Events of Default described in paragraph (A)(iii), (iv), (v), (vi), (vii), (viii), (ix), (xi) and (xii) above, immediately prior to the occurrence of such event; or
  - (ii) in the case of the Events of Default described in paragraph (A)(i), (ii) and (x) above, subject to and immediately upon the giving of notice to the Company by any Relevant Shareholders or Relevant Shareholders holding a majority by paid-up nominal value of the Relevant Share Capital requiring such Ordinary Shareholder to sell its Ordinary Shares provided that such notice is given within 30 days of the giving of a Default Notification (as defined below) by the Company,

to have appointed irrevocably the Company its/their agent for the sale of its/their entire holding(s) of Ordinary Shares (the "Default Shares") (together with all rights attached thereto) at the Default Price in accordance with the provisions of paragraph (C) below. The Company shall give notice to each Defaulting Shareholder and all Relevant Shareholders of its appointment hereunder in the case of an Event of Default described in paragraph (A)(iii), (iv), (v), (vi), (vii), (viii), (ix), (xi) or (xii) above, as soon as practicable and in any event within 3 business days of becoming aware of the Event of Default. In the case of an Event

of Default described in paragraph (A)(i), (ii) or (x) above, the Company shall notify the Ordinary Shareholder to whom an Event of Default relates and the Relevant Shareholders ("Default Notification") that an Event of Default has arisen as soon as practicable after, and in any event within 3 business days of, becoming aware of the same, and shall give notice to each Defaulting Shareholder and all the Relevant Shareholders of its appointment hereunder as soon as practicable and in any event within 3 business days of service of notice on the Company by a Relevant Shareholder or Relevant Shareholders in accordance with sub-paragraph (ii) above.

- (C) (i) The "Default Price" shall be the Fair Value, which shall be determined in accordance with article 36.
- (ii) (a) The secretary shall within 3 business days of the date on which the Fair Value is determined by notice in writing (the "Default Offer Notice") offer the Default Shares for purchase at the Default Price to the Eligible Shareholders on terms that in case of competition the shares so offered shall be sold to each acceptor pro rata (as nearly as may be without involving fractions of shares or increasing the number sold to any acceptor beyond that applied for by him) to the proportion that such acceptor's holding of Ordinary Shares (calculated by number) bears to the aggregate number of Ordinary Shares held by all the acceptors. Provided that if then any shares so offered remain unallocated and there remain unsatisfied acceptances, the unallocated shares shall be sold to each acceptor whose acceptance remains unsatisfied pro rata (as nearly as may be without involving fractions of shares or increasing the number sold to any acceptor beyond that applied for by him) to the proportion that such acceptor's holding of Ordinary Shares (calculated by number) bears to the aggregate number of Ordinary Shares held by all the acceptors whose acceptances remain unsatisfied and this process shall be repeated until all of the shares concerned have been allocated or all the acceptances are satisfied in full.
- (b) The Default Offer Notice shall state a date (not being less than 14 days nor more than 21 days later than the date on which the Default Offer Notice is served) by which it must be accepted or in default will lapse.
- (iii) If acceptances have not been received in respect of all the Default Shares before the offer pursuant to the Default Offer Notice lapses, the Company may within 30 days thereof agree to sell the remaining Default Shares to a third party or third parties nominated or approved in writing by all the Relevant Shareholders at a price not less than the Default Price and on terms that the purchase will be completed at a place and time to be appointed by the Company in accordance with sub-paragraph (iv) below.
- (iv) If the Company shall in accordance with this paragraph (C) find Eligible Shareholders or one or more third parties nominated or approved by all the Relevant Shareholders ("Purchasing Shareholders") to purchase all of the Default Shares, it shall give notice in writing thereof to each Defaulting Shareholder concerned within 5 business days of finding such Purchasing Shareholders whereupon each such Defaulting Shareholder shall be bound, upon payment of the Default Price, to transfer such

shares to the respective Purchasing Shareholders. Every such notice shall state the name and address of the Purchasing Shareholders and the number of shares agreed to be purchased by each of them and the purchase shall be completed at a place and time to be appointed by the Company not being less than 3 business days nor more than ten business days after the date of such notice.

- (v) If a Defaulting Shareholder shall fail or refuse to transfer any shares to a Purchasing Shareholder hereunder, the Company may authorise some person to execute and deliver on his behalf the necessary transfer and the Company may receive the purchase money in trust for the Defaulting Shareholder and cause the Purchasing Shareholder to be registered as the holder of such shares. The receipt of the Company for the purchase money shall be a good discharge to the Purchasing Shareholder (who shall not be bound to see to the application thereof) and after the Purchasing Shareholder has been registered in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.
  - (vi) If the Company shall not find Purchasing Shareholders in accordance with this paragraph (C) willing to purchase all of the Default Shares or if the board considers (acting reasonably) and resolves that the Company has no prospect of finding Purchasing Shareholders of all the Default Shares, the Company shall, within 3 business days of the earlier of the offer pursuant to the Default Offer Notice lapsing and the board adopting such resolution, give to all the Eligible Shareholders and each Defaulting Shareholder notice in writing accordingly ("Waiver Notice") stating that the Defaulting Shareholders are no longer Defaulting Shareholders and each Defaulting Shareholder shall be entitled to retain, but shall not by virtue thereof be at liberty to transfer to any person, all the Default Shares held by him.
- (D) If a member or any representative of a member becomes aware of any Event of Default in relation to any Ordinary Shareholder, he shall as soon as practicable give notice thereof to the board.

#### TAKEOVER OFFERS

##### 35. Takeover Offers

- (A) Notwithstanding anything in the articles to the contrary, save for a Permitted Transfer and any transfer of Ordinary Shares to an Acceptor pursuant to article 33 or to a Purchasing Shareholder pursuant to article 34, no disposal of any interest in any Ordinary Shares to any person or persons (taken together with any person or persons acting in concert (within the meaning of The City Code on Takeovers and Mergers) with him or them) which would result if made and registered in a person obtaining a Controlling Interest or a Super Controlling Interest shall be made (unless and to the extent conditional upon compliance with this article) or registered unless before the disposal is made the proposed transferee makes a written offer ("Takeover Offer") (open for acceptance in England for at least 8 weeks but not more than 12 weeks from its delivery which shall be made personally to each of the Ordinary Shareholders) to all the Ordinary Shareholders to purchase all the Ordinary Shares then in issue for cash (at the same time, at the same price and on the same terms and conditions for



each Ordinary Shareholder) at a price per share not less than the Fair Value of the Ordinary Shares determined in accordance with article 36.

- (B) Where an Ordinary Shareholder (taken together with any person or persons acting in concert (within the meaning of The City Code on Takeovers and Mergers) with him) obtains a Controlling Interest or a Super Controlling Interest by virtue of acquiring Ordinary Shares ("additional shares") as an Acceptor or a Purchasing Shareholder pursuant to article 33 or article 34 or on the allotment and issue of new Ordinary Shares, such Ordinary Shareholder shall make a written offer ("Takeover Offer") (open for acceptance in England for at least 8 weeks but not more than 12 weeks from its delivery which shall be made personally to each of the Ordinary Shareholders) to all the Ordinary Shareholders to purchase all the Ordinary Shares then in issue for cash (at the same time, at the same price and on the same terms and conditions for each Ordinary Shareholder) at a price per share, in the case where the Ordinary Shareholder acquired the additional shares under a Default Sale, not less than the Fair Value on which the Default Price was based at which the Ordinary Shareholder acquired the additional shares, and otherwise not less than the Fair Value of the Ordinary Shares determined in accordance with article 36. Forthwith upon an Ordinary Shareholder becoming bound to make a Takeover Offer under this paragraph (B), the Company shall notify each Ordinary Shareholder accordingly. Such Takeover Offer shall be made in the case where the Ordinary Shareholder acquired the additional shares under a Default Sale, within 14 days of such Ordinary Shareholder being registered as the holder and issued with a share certificate in respect of the additional shares, and otherwise within 14 days of determination of the Fair Value in accordance with article 36.
- (C) Before accepting a Takeover Offer an Ordinary Shareholder shall give a Transfer Notice to the Company pursuant to article 33 including a statement identifying the offeror as the person to whom he wishes to transfer his Ordinary Shares and the price per share proposed to be paid by the offeror determined in accordance with paragraph (A) or (B) above (as the case may be) and, provided that as an additional matter the Company is reasonably satisfied that the offer is a bona fide Takeover Offer in accordance with article 35 (A) or (B), the provisions of article 33 (which shall be read subject to paragraph (D) below) shall apply.
- (D) Subject to paragraph (C), each Ordinary Shareholder shall be entitled to accept the Takeover Offer in respect of all (but not part only) of the Ordinary Shares held by him and to complete any sale of such Ordinary Shares to the proposed transferee pursuant to the Takeover Offer, notwithstanding that the period of 30 days referred to in article 33(G)(i) may have expired (without the need to give a further Transfer Notice), provided that the proposed transferee completes simultaneously the sale of all the Ordinary Shares agreed to be sold pursuant to the Takeover Offer by that and other Ordinary Shareholders within 7 days of the offer closing except so far as failure to complete is the fault of an offeree.
- (E) The board shall refuse to register any transfer of any shares agreed to be sold pursuant to the Takeover Offer unless the sale of all the shares agreed to be sold pursuant to the Takeover Offer is completed and the consideration paid except so far as failure to complete is the fault of an offeree.

#### FAIR VALUE

36. Fair Value

- (A) For the purposes of the articles, "Fair Value" shall be the value per share determined pursuant to paragraph (B) below.
- (B) (i) In the case of a Default Sale, the Fair Value shall be the value per share agreed in writing between the Defaulting Shareholder(s) concerned and the Eligible Shareholders and, in the absence of such agreement or if such agreement has not been notified to the Company after 14 days of the date on which the Company is deemed to be appointed as the agent of the Defaulting Shareholders concerned for the purposes of the sale of the Default Shares pursuant to article 34, shall be determined in accordance with sub-paragraph (iv) below.
- (ii) In the case of a proposed Takeover Offer pursuant to article 35(A), the proposed transferee may by notice given to the Company and the Relevant Shareholders request the determination of the Fair Value for the purposes of the proposed Takeover Offer and the Fair Value shall be the value per share agreed in writing between the offeror and the Relevant Shareholders or, in the absence of such agreement or if such agreement has not been notified to the Company after 14 days of service of such notice by the proposed transferee, shall be determined in accordance with sub-paragraph (iv) below.
- (iii) In the case of a Takeover Offer pursuant to article 35(B), the Fair Value shall be the value per share agreed in writing between the offeror and the Relevant Shareholders or, in the absence of such agreement after 14 days of the offeror becoming bound to make a Takeover Offer pursuant to article 35(B), shall be determined in accordance with sub-paragraph (iv) below.
- (iv) Failing agreement of the Fair Value in accordance with sub-paragraph (i), (ii) or (iii) above the persons named therein shall, within 5 business days, agree the identity of an independent firm of chartered accountants whom they wish to determine the fair value of the Ordinary Shares concerned. If the relevant persons fail to agree upon a suitable firm within such period the Company shall within 5 business days refer the matter to the President for the time being of the Institute of Chartered Accountants in England and Wales who shall be requested to nominate a firm. Each Ordinary Shareholder shall use its reasonable endeavours to ensure that the firm so selected submits its valuation of the Ordinary Shares concerned to the Company within 30 days of its selection. Such valuation shall be made on the basis of an open market sale (on the date the firm is instructed to make such valuation) of the Ordinary Shares concerned in the Company between an unconnected willing buyer and seller, ignoring any premium which a competitor of the Company would be prepared to pay and taking no account of whether the shares concerned represent a majority or a minority interest. The cost of such valuation shall, in the case of a Default Sale, be borne by the Eligible Shareholders and the Defaulting Shareholders pro rata to the paid-up nominal value of their respective holdings for the time being or, in the case of a Takeover Offer pursuant to article 35(A), between the Relevant Shareholders pro rata to the paid-up nominal value of their respective holdings for the time being or, in the case of a Takeover Offer pursuant to article 35(B), between the Relevant Shareholders

and the offeror (if not then a Relevant Shareholder) pro rata to the paid-up nominal value of their respective holdings for the time being.

- (C) Any firm instructed in accordance with paragraph (B) (iv) above shall be deemed to act hereunder as an expert and not as an arbitrator and his determination shall be final and binding on all persons concerned and in the absence of fraud the firm shall be under no liability to any such person by reason of its determination or certificate or anything done or permitted to be done by it for the purpose thereof or in connection therewith.

#### **REQUIRED DISPOSALS BY JEOPARDY PERSONS**

##### **37. Required Disposals by Jeopardy Persons**

- (A) (i) Subject to paragraph (D), if any person is or becomes a Jeopardy Person, the Disinterested Directors may serve a written notice ("Disposal Notice") on such person and, if the Jeopardy Person is not the registered holder of all or part of the Jeopardy Shares, on the registered holders of the Jeopardy Shares. Where two or more persons become Jeopardy Persons as a result of the acquisition of shares by any one or more of them, any Disposal Notice shall be served on the person so acquiring the shares. A Disposal Notice shall state that the Disinterested Directors consider that the addressee is a Jeopardy Person or a Jeopardy Shareholder and briefly state their reasons, set out the restrictions referred to in article 38 and call for the Ordinary Shareholder concerned to effect a disposal ("Required Disposal") of such minimum number of Jeopardy Shares as the Disinterested Directors reasonably consider necessary to cause the Jeopardy Person concerned to cease to be a Jeopardy Person. An Ordinary Shareholder upon whom a Disposal Notice has been served shall, within 21 days thereof, give a Transfer Notice to the Company under article 33(A) in respect of at least the number of shares specified in the Disposal Notice (unless and to the extent that the disposal of such shares has been effected by way of a Permitted Transfer which has been lodged at the office and which does not cause any other person to become a Jeopardy Person) and the provisions of article 33 shall take effect accordingly subject to paragraph (C).
- (ii) The Disinterested Directors may extend the period in which a Disposal Notice is required to be complied with and shall, by notice in writing to the recipient of a Disposal Notice, withdraw such notice (whether before or after the expiration of the period referred to) and notify such person that he is no longer a Jeopardy Person or a Jeopardy Shareholder upon receipt by the Company of written confirmation from OFLOT that the participation in the Company by the Jeopardy Person concerned will not occasion a Jeopardy Event or upon the Disinterested Directors determining (acting reasonably) that there are no longer reasonable grounds for apprehending that a Jeopardy Event is reasonably likely to occur by reason of the participation of the Jeopardy Person(s) concerned. If a Disposal Notice is withdrawn then all offers and acceptances under article 33 and/or article 34 shall be void unless and to the extent that the Jeopardy Shareholder has become bound to transfer Sale Shares to Acceptors in accordance with article 33(F) or to transfer Default Shares to Purchasing Shareholders pursuant to article 34(C)(v).

(B) Where a Disposal Notice has been served on any Ordinary Shareholder (and has not been withdrawn):

(i) where such Ordinary Shareholder served a Transfer Notice in accordance with paragraph (A):

(a) if the Company shall not pursuant to article 33 within the Prescribed Period find Acceptors or Purchasing Shareholders willing to purchase all the shares concerned or if the Disinterested Directors consider (acting reasonably) and agree on reasonable grounds that the Company has no prospect of finding Acceptors or Purchasing Shareholders of all such shares; or

(b) if the Transfer Notice identified a Purchaser and the Ordinary Shareholder concerned (as the Proposing Transferor) has not transferred to the Purchaser all such shares for which the Company has not given notice that it has found (or has given notice that it has no prospect of finding) Acceptors in accordance with article 33(G); or

(ii) if such Ordinary Shareholder fails to give a Transfer Notice in accordance with paragraph (A),

any Relevant Shareholder may at any time and from time to time by notice to the Company require the Company to offer or re-offer (as the case may be) the shares or the remaining shares the subject of the relevant Disposal Notice to the Relevant Shareholders whereupon the Company shall be deemed to be appointed irrevocably the agent of such Ordinary Shareholder for the sale of its entire holding of Ordinary Shares (as if they were Default Shares) (together with all rights attached thereto) at the Default Price (which for this purpose shall be the Fair Value) in accordance with the provisions of article 34(C).

(C) The Disinterested Directors may by notice to the recipient of a Disposal Notice and the Relevant Shareholders reduce all or any of the periods specified in article 33 in order to expedite the proceedings described therein to the extent that the Disinterested Directors determine in their absolute discretion necessary or desirable in order to protect the best interests of the Company.

(D) Before serving a Disposal Notice, the Disinterested Directors shall, unless they reasonably believe such negotiations would not be in the interests of the Company, enter into negotiations in good faith with OFLOT to try to persuade OFLOT that any action which OFLOT is entitled to take is not appropriate or necessary and/or that OFLOT should agree to a reasonable period of time in which such action will not be taken provided that the position giving rise to the need for such action is remedied within such period.

(E) Articles 130 and 131 shall be deemed to apply for the purposes of the giving of notice to or by a Jeopardy Person who is not a member as if such Jeopardy Person were a member and his registered address or address for service were the address (or if more than one, one of the addresses), if any, at which the directors believe him to be resident or carrying on business or his last known address as shown on the register.

## **SUSPENSION OF SHARE RIGHTS**

### **38. Suspension of share rights**

- (A) Any member who is a Defaulting Shareholder or a Jeopardy Shareholder or who has been given an Information Default Notice which has not been withdrawn, and any member which is a group undertaking in relation to that member, shall not be entitled:
- (i) to receive notice of or to be present or to vote (either in person or by proxy) at any general meeting of the Company or at any separate meeting of the holders of any class of shares or on a poll, or to exercise other rights conferred by membership in relation to the meeting or poll;
  - (ii) to be paid any dividend, to elect to receive shares instead of any dividend or to be paid any other amount payable in respect of any shares held by him but, unless OFLOT requires otherwise, such dividend or other amount shall accrue due to such member and be held by the Company and paid by the Company to such member or as he may direct (without interest) within 14 days of this article ceasing to apply to such member;
  - (iii) to appoint any person to be a director pursuant to article 74 or article 75.
- (B) Any director appointed pursuant to article 74 or article 75 by any member to which paragraph (A) applies shall automatically cease to be a director immediately upon such member or any of its group undertakings becoming a Defaulting Shareholder or a Jeopardy Shareholder or being given an Information Default Notice and, without prejudice to article 74 or article 75, shall not be deemed to be reappointed by virtue of this article ceasing to apply to such member.
- (C) (i) Any member to which paragraph (A) applies, if and for so long as it would otherwise be entitled to appoint one or more directors under article 74 or article 75, shall be entitled at any time and from time to time to nominate any one person (not being a director) to receive notice of and to attend and speak (but, for the avoidance of doubt, not to vote) at any meeting of the Disinterested Directors held for the purpose of considering any matter which concerns such member including, without limitation, any action under article 34 or article 37 which concerns such member, and to rescind the nomination of any person so nominated. Such nominee shall not hold himself out or be held out as a director and shall not be deemed to be or empowered to act as a director for any of the purposes of the Acts or the articles.
- (ii) Any nomination or any rescission of a nomination pursuant to sub-paragraph (i) above shall be effected by written notice to the Company signed by or on behalf of the relevant member and left at or sent by post or facsimile transmission to the office and shall take effect immediately upon deposit of the notice.

## TRANSMISSION OF SHARES

### 39. On death

- (A) The Company may recognise only the personal representatives of a deceased member as having title to a share held by that member alone or to which he alone was entitled. In the case of a share held jointly by more than one person, the Company may recognise only the survivor or survivors as being entitled to it.
- (B) Nothing in the articles releases the estate of a deceased member from liability in respect of a share which has been solely or jointly held by him.

### 40. Election of person entitled by transmission

- (A) A person becoming entitled by transmission to a share may, on production of any evidence the board may require, elect either to be registered as a member or to have a person nominated by him registered as a member.
- (B) If he elects to be registered himself, he shall give notice to the Company to that effect. If he elects to have another person registered, he shall execute an instrument of transfer of the share to that person. All the provisions of the articles relating to the transfer of shares apply to the notice or instrument of transfer (as the case may be) as if it were an instrument of transfer executed by the member and his death, bankruptcy or other event giving rise to a transmission of entitlement had not occurred.
- (C) The board may give notice requiring a person to make the election referred to in paragraph (A) above. If that notice is not complied with within 60 days the board may withhold payment of all dividends and other amounts payable in respect of the share until notice of election has been made.

### 41. Rights on transmission

Where a person becomes entitled by transmission to a share, the rights of the holder in relation to that share cease. The person entitled by transmission may, however, give a good discharge for dividends and other amounts payable in respect of the share and, subject to articles 40 and 118, has the rights to which he would be entitled if he were the holder of the share. The person entitled by transmission is not, however, before he is registered as the holder of the share, entitled in respect of it to receive notice of or exercise rights conferred by membership in relation to meetings of the Company or a separate meeting of the holders of a class of shares.

## ALTERATION OF SHARE CAPITAL

### 42. Increase of capital

The Company may by ordinary resolution increase its share capital by a sum to be divided into shares of an amount prescribed by the resolution.

**43. Reduction of capital**

- (A) Subject to the Acts, the Company may by special resolution (a "resolution for reducing share capital") reduce its share capital, capital redemption reserve and share premium account in any way.
- (B) On a resolution for reducing share capital put to any general meeting of the Company, for the purposes of voting against such resolution, if necessary, the voting rights attaching to the Ordinary Shares held by each Relevant Shareholder shall be increased so that the votes that may be cast by such Relevant Shareholder exceed by one vote one third of all the votes that may be cast in respect of that resolution, such additional votes to be divided as determined by the board as nearly as practicable (without creating fractions of votes) equally between the Ordinary Shares held by that Ordinary Shareholder.

**44. Purchase of own shares**

The Company shall not purchase any of its own shares of any class in any way other than shares which were issued as redeemable shares.

**GENERAL MEETINGS**

**45. General meetings**

- (A) The Company shall hold annual general meetings, which shall be convened by the board, in accordance with the Acts.
- (B) All general meetings of the Company other than annual general meetings are called extraordinary general meetings.

**46. Convening of extraordinary general meetings**

The board may convene an extraordinary general meeting whenever it thinks fit. The board must convene an extraordinary general meeting immediately on receipt of a requisition from members in accordance with the Acts and in default a meeting may be convened by requisitionists as provided in the Acts. At a meeting convened on a requisition or by requisitionists no business may be transacted except that stated by the requisition or proposed by the board.

**47. Length and form of notice**

- (A) All annual general meetings and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 clear days' notice. All other extraordinary general meetings shall be called by not less than 14 clear days' notice.

Subject to the Acts, and although called by shorter notice than that specified in paragraph (A), a general meeting is deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and
  - (ii) in the case of another meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.
- (C) The notice of meeting shall specify:
- (i) whether the meeting is an annual general meeting or an extraordinary general meeting;
  - (ii) the place, the date and the time of the meeting;
  - (iii) the general nature of the business to be transacted at the general meeting;
  - (iv) if the meeting is convened to consider a special or an extraordinary resolution, the intention to propose the resolution as such; and
  - (v) with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a member.
- (D) The notice of meeting shall be given to the members (other than any who, under the provisions of the articles or restrictions imposed on shares, are not entitled to receive notice), to the directors and to the auditors.

**48. Omission to send notice**

The accidental omission to send a notice of meeting or, in cases where it is sent out with the notice, an instrument of proxy to, or the non-receipt of either by, a person entitled to receive it does not invalidate the proceedings at a general meeting.

**PROCEEDINGS AT GENERAL MEETINGS**

**49. Quorum**

- (A) No business may be transacted at a general meeting unless a quorum is present. The absence of a quorum does not prevent the appointment of a chairman in accordance with the articles, which is not treated as part of the business of the meeting.
- (B) The quorum for a general meeting is for all purposes two or more Relevant Shareholders present in person or by proxy, entitled to vote and holding by paid-up nominal value at least half of the Relevant Share Capital.



**50. Procedure if quorum not present**

- (A) If a quorum is not present within five minutes (or such longer period as the chairman in his absolute discretion thinks fit) from the time fixed for the start of the meeting or if during the meeting a quorum ceases to be present, the meeting, if convened by or on the requisition of members, is dissolved. In any other case it stands adjourned to such time (being not less than 14 days nor more than 28 days later) and place as the chairman (or, in default, the board) decides.
- (B) At an adjourned meeting the quorum is two members present in person or by proxy and entitled to vote. If a quorum is not present within five minutes (or such longer period as the chairman in his absolute discretion thinks fit) from the time fixed for the start of the meeting or if during the meeting a quorum ceases to be present, the adjourned meeting is dissolved.
- (C) The Company shall give not less than seven clear days' notice of any meeting adjourned for the lack of a quorum and the notice shall state the quorum requirement.

**51. Chairman**

The Chairman (if any) shall preside as chairman at a general meeting. If there is no chairman or deputy chairman, or if at a meeting neither is present within five minutes after the time fixed for the start of the meeting, or neither is willing to act, the directors present shall select one of their number to be chairman, and if only one director is present and willing to act, he shall be chairman. In default, the members present in person and entitled to vote shall choose one of their number to be chairman.

**52. Director's right to attend and speak**

A director is entitled to attend and speak at a general meeting and at a separate meeting of the holders of a class of shares or debentures whether or not he is a member.

**53. Power to adjourn**

- (A) The chairman may, with the consent of a meeting at which a quorum is present (and shall, if so directed by the meeting) adjourn a meeting from time to time and from place to place or for an indefinite period.
- (B) Without prejudice to any other power which he may have under the provisions of the articles or at common law, the chairman may, without the consent of the meeting, interrupt or adjourn a meeting from time to time and from place to place or for an indefinite period if he is of the opinion that it has become necessary to do so in order (i) to secure the proper and orderly conduct of the meeting, or (ii) to give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting, or (iii) to ensure that the business of the meeting is properly disposed of.

**54. Notice of adjourned meeting**

Without prejudice to article 50(C), whenever a meeting is adjourned for 28 days or more or for an indefinite period, at least seven clear days' notice specifying the place, the date and time of the adjourned meeting and the general nature of the business to be transacted shall be given to the members (other than any who, under the provisions of the articles or restrictions imposed on any shares, are not entitled to receive notice), the directors and the auditors. Except in these circumstances, and subject to article 50(C), it is not necessary to give notice of an adjourned meeting or of the business to be transacted at the adjourned meeting.

**55. Business at adjourned meeting**

No business may be transacted at an adjourned meeting other than the business which might properly have been transacted at the meeting from which the adjournment took place.

**56. Accommodation of members at meeting**

If it appears to the chairman that the meeting place specified in the notice convening the meeting is inadequate to accommodate all persons entitled and wishing to attend, the meeting is duly constituted and its proceedings valid if the chairman is satisfied that adequate facilities are available to ensure that a member who is unable to be accommodated is able (i) to participate in the business for which the meeting has been convened, and (ii) to hear and see all persons present who speak (whether by the use of microphones, loud-speakers, audio-visual communications equipment or otherwise), whether in the meeting place or elsewhere, and (iii) to be heard and seen by all other persons present in the same way.

**VOTING**

**57. Method of voting**

- (A) At a general meeting, a resolution put to the vote of the meeting is decided by a show of hands unless (before or on the declaration of the result of the show of hands) a poll is duly demanded.
- (B) Subject to the Acts, a poll may be demanded on any question by:
- (i) the chairman of the meeting; or
  - (ii) not less than three members present in person or by proxy and entitled to vote; or
  - (iii) a member or members present in person or by proxy representing in aggregate not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting;
  - (iv) a member or members present in person or by proxy holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

A demand by a proxy is deemed to be a demand by the member appointing the proxy.

- (C) Unless a poll is demanded and the demand is not withdrawn, a declaration by the chairman that the resolution has been carried, or carried by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the book containing the minutes of proceedings, is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

**58. Procedure on a poll**

- (A) If a poll is properly demanded, it shall be taken in such manner as the chairman of the meeting directs. He may appoint scrutineers, who need not be members, and may fix a time and place for declaring the result of the poll. The result of the poll is deemed to be the resolution of the meeting at which the poll is demanded.
- (B) A poll demanded on the election of a chairman or on any question of adjournment shall be taken at the meeting and without adjournment. A poll demanded on another question shall be taken at such time and place as the chairman decides, either at once or after an interval or adjournment (but not more than 30 clear days after the date of the demand).
- (C) No notice need be given of a poll not taken immediately if the time and place at which it is to be 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.
- (D) The demand for a poll may be withdrawn but only with the consent of the chairman. A demand withdrawn in this way validates the result of a show of hands declared before the demand is made. In the case of a poll demanded before the declaration of the result of a show of hands, the meeting shall continue as if the demand has not been made.
- (E) The demand for a poll (other than on the election of the chairman of the meeting or on a question of adjournment) does not prevent the meeting continuing for the transaction of business other than the question on which a poll has been demanded.
- (F) On a poll, votes may be given in person or by proxy and a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

**59. Votes of members**

- (A) Subject to articles 3 and 43(B), 74(D) and 75(D) and to special terms as to voting on which shares have been issued, or a suspension or abrogation of voting rights pursuant to the articles, at a general meeting every member present in person has on a show of hands one vote and every member present in person or by proxy has on a poll one vote for every share of which he is the holder.

(B) In the case of joint holders of a share, 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 is determined by the order in which the names of the holders stand in the register.

(C) A member in respect of whom an order has been made by a court or official having jurisdiction (whether in the United Kingdom or elsewhere) that he is or may be suffering from mental disorder or is otherwise incapable of running his affairs may vote, whether on a show of hands or on a poll, by his guardian, receiver, curator bonis or other person authorised for that purpose and appointed by the court. A guardian, receiver, curator bonis or other person may, on a poll, vote by proxy if evidence (to the satisfaction of the board) of the authority of the person claiming to exercise the right to vote is deposited at the office (or at another place specified in accordance with the articles for the deposit of instruments of proxy) within the time limits prescribed by the articles for the deposit of instruments of proxy for use at the meeting, adjourned meeting or poll at which the right to vote is to be exercised.

**60. No casting vote**

In the case of an equality of votes, the chairman shall not have a casting vote in addition to any vote to which he is entitled as a member.

**61. Restriction on voting rights for unpaid calls etc.**

Unless the board otherwise decides, no member is entitled in respect of a share held by him to be present or to vote, either in person or by proxy, at a general meeting or at a separate meeting of the holders of class of shares or on a poll, or to exercise other rights conferred by membership in relation to the meeting or poll, if a call or other amount due and payable in respect of the share is unpaid. This restriction ceases on payment of the amount outstanding and all costs, charges and expenses incurred by the Company by reason of the non-payment.

**62. Voting by proxy**

(A) An instrument appointing a proxy shall be in writing in any usual form (or in another form approved by the board) and shall be executed by the appointor or his duly constituted attorney or, if the appointor is a company, under its seal or under the hand of its duly authorised officer or attorney or other person authorised to sign.

(B) An instrument of proxy is deemed (unless the contrary is stated in it) to confer authority to vote on a show of hands, to demand or join in demanding a poll and to vote on a resolution or amendment of a resolution put to, or other business which may properly come before, the meeting or meetings for which it is given, as the proxy thinks fit.

(C) A proxy need not be a member.

- (D) A member may appoint more than one proxy to attend on the same occasion. When two or more valid but differing instruments of proxy are delivered for the same share for use at the same meeting, the one which is last validly delivered (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share.
- (E) Deposit of an instrument of proxy does not prevent a member attending and voting in person at the meeting or an adjournment of the meeting or on a poll.
- (F) An instrument of proxy is (unless the contrary is stated in it) valid for an adjournment of the meeting as well as for the meeting or meetings to which it relates. An instrument of proxy is valid for 12 months from the date of execution.
- (G) Subject to the Acts, the Company may send instruments of proxy to all or none of the persons entitled to receive notice of and to vote at a meeting. If sent the instrument shall provide for two-way voting (without prejudice to a right to abstain) on all resolutions set out in the notice of meeting.

63. Deposit of proxy

An instrument of proxy, and (if required by the board) a power of attorney or other authority under which it is executed or a copy of it notari ally certified or certified in some other way approved by the board, shall be:

- (i) deposited at the office, or another place in the United Kingdom specified in the notice convening the meeting or in an instrument of proxy or other accompanying document sent by the Company in relation to the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting or the taking of a poll at which the person named in the instrument proposes to vote; or
- (ii) in the case of a meeting adjourned for less than 28 days but more than 48 hours or in the case of a poll taken more than 48 hours after it is demanded, deposited as required by paragraph (i) not less than 24 hours before the time appointed for the holding of the adjourned meeting or the taking of the poll; or
- (iii) in the case of a meeting adjourned for less than 48 hours or in the case of a poll not taken immediately but taken not more than 48 hours after it was demanded, delivered at the adjourned meeting or at the meeting at which the poll was demanded to the chairman or to the secretary or to a director.

An instrument of proxy not deposited or delivered in accordance with this article is invalid.

64. When votes by proxy valid though authority revoked

A vote given or poll demanded by a proxy or authorised representative of a company is valid despite termination of his authority unless notice of termination is received by the Company at the office (or other place specified for depositing the instrument of proxy) at least one hour before the time for holding the meeting or adjourned meeting at which the vote is given or

(in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

#### MISCELLANEOUS

**65. Corporate representative**

A company which is a member may, by resolution of its directors or other governing body, authorise a person to act as its representative at a meeting or at a separate meeting of the holders of a class of shares (the "representative"). The representative is entitled to exercise on behalf of the company (in respect of that part of the company's holding of shares to which the authorisation relates) those powers that the company could exercise if it were an individual member. The company is for the purposes of the articles deemed to be present in person at a meeting if the representative is present. All references to attendance and voting in person shall be construed accordingly. A director, the secretary or other person authorised for the purpose by the secretary may require the representative to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers.

**66. Objections to and error in voting**

No objection may be made to the qualification of a voter or to the counting of, or failure to count, a vote, except at the meeting or adjourned meeting at which the vote objected to is tendered or at which the error occurs. An objection properly made shall be referred to the chairman of the meeting and only invalidates the result of the voting if, in the opinion of the chairman, it is of sufficient magnitude to affect the decision of the meeting. The decision of the chairman is conclusive and binding on all concerned.

**67. Amendments to resolutions**

If an amendment proposed to a resolution under consideration is ruled out of order by the chairman of the meeting the proceedings on the substantive resolution are not invalidated by an error in his ruling.

**68. Members' written resolutions**

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 is as effective as if it had been passed at a general meeting duly convened and held. The resolution in writing may consist of several instruments in the same form each duly executed by or on behalf of one or more members. If the resolution in writing is described as a special resolution or as an extraordinary resolution, it has effect accordingly.

**69. Class Meetings**

A separate meeting for the holders of a class of shares shall be convened and conducted as nearly as possible in the same way as an extraordinary general meeting, except that:

- (i) no member, other than a director, is entitled to notice of it or to attend unless he is a holder of shares of that class;
- (ii) no vote may be given except in respect of a share of that class;
- (iii) the quorum at the meeting is two persons present in person holding or representing by proxy at least one-third in nominal value of the issued shares of that class;
- (iv) the quorum at an adjourned meeting is two persons holding shares of that class who are present in person or by proxy; and
- (v) a poll may be demanded in writing by a member present in person or by proxy and entitled to vote at the meeting and on a poll each member has one vote for every share of that class of which he is the holder.

#### **APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS**

##### **70. Number of directors**

Unless and until otherwise decided by the Company by ordinary resolution approved in writing by all the Relevant Shareholders, the number of directors must not exceed 15 nor be less than 2.

##### **71. Power of the Relevant Shareholders to appoint Additional Directors**

- (A) Subject to article 70, all the Relevant Shareholders acting jointly at any time and from time to time may appoint any person who is willing to act to be a director ("Additional Director"), provided that any such appointment does not cause the number of directors so appointed to exceed one, or such greater number of directors as the Relevant Shareholders may notify in writing to the Company, and may remove any director so appointed.
- (B) Any appointment or removal of a director pursuant to paragraph (A) above shall be effected by written notice to the Company signed by or on behalf of each of the Relevant Shareholders and left at or sent by post or facsimile transmission to the office and (subject if required by OFLOT from time to time, in the case of an appointment, to the prior approval of OFLOT) shall take effect immediately on deposit of the notice or on such later date (if any) as may be specified in the notice.

##### **72. Company not entitled to appoint directors**

The Company shall not appoint any person to be a director.

##### **73. Appointment of executive directors**

Subject to the Acts and the prior written approval of all the Relevant Shareholders, the board may appoint one or more of its body to hold employment or executive office (including that of managing director) with the Company for such term (subject to the Acts) and on any other

conditions the board thinks fit. The board may revoke or terminate an appointment, without prejudice to a claim for damages for breach of contract.

**74. Power of Ten Percent Shareholder to appoint directors**

- (A) Subject to article 38, a Ten Percent Shareholder or any member of a Ten Percent Shareholder Group on behalf of such group at any time and from time to time may appoint any person who is willing to act to be a director, provided that any such appointment does not cause the total number of directors so appointed by that Ten Percent Shareholder or Ten Percent Shareholder Group to exceed one, and may remove any director so appointed.
- (B) Any appointment or removal of a director pursuant to paragraph (A) above shall be effected by written notice to the Company signed by or on behalf of any member entitled to make such appointment or removal and left at or sent by post or facsimile transmission to the office and shall (subject if required by OFLOT from time to time, in the case of an appointment, to the prior approval of OFLOT) take effect immediately upon deposit of the notice or on such later date (if any) as may be specified in the notice.
- (C) Subject as provided below, any director appointed pursuant to paragraph (A) above shall automatically cease to be a director immediately upon the Ten Percent Shareholder or Ten Percent Shareholder Group that appointed him ceasing to be a Ten Percent Shareholder or Ten Percent Shareholder Group provided that where the Ten Percent Shareholder or Ten Percent Shareholder Group ceases to be so by virtue of becoming a Twenty Percent Shareholder or Twenty Percent Shareholder Group any director appointed pursuant to paragraph (A) above shall not thereby cease to be a director and shall be deemed for the purposes of article 75 to have been appointed pursuant to article 75(A).
- (D) On any resolution put to any general meeting of the Company to remove any director appointed pursuant to paragraph (A) above, for the purposes of voting against such resolution, if necessary, the voting rights attaching to Ordinary Shares held by the Ten Percent Shareholder or the members of the Ten Percent Shareholder Group that appointed him shall be increased so that the votes that may be cast by him/them equal a simple majority of all the votes that may be cast in respect of that resolution, such additional votes to be divided as determined by the board as near as practicable (without creating fractions of votes) equally between the Ordinary Shares held by that Ten Percent Shareholder or members of that Ten Percent Shareholder Group.

**75. Power of Twenty Percent Shareholder to appoint directors**

- (A) Subject to article 38, a Twenty Percent Shareholder or any member of a Twenty Percent Shareholder Group on behalf of such group at any time and from time to time may appoint any person who is willing to act to be a director, provided that any such appointment does not cause the total number of directors so appointed by that Twenty Percent Shareholder or Twenty Percent Shareholder Group to exceed two, and may remove any director so appointed.
- (B) Any appointment or removal of a director pursuant to paragraph (A) above shall be effected by written notice to the Company signed by or on behalf of any member entitled to make



such appointment or removal and left at or sent by post or facsimile transmission to the office and (subject if required by OFLOT from time to time, in the case of an appointment, to the prior approval of OFLOT) shall take effect immediately upon deposit of the notice or on such later date (if any) as may be specified in the notice.

- (C) Any director appointed pursuant to paragraph (A) above shall automatically cease to be a director immediately upon the Twenty Percent Shareholder or Twenty Percent Shareholder Group that appointed him ceasing to be a Twenty Percent Shareholder or a Twenty Percent Shareholder Group.
- (D) On any resolution put to any general meeting of the Company to remove any director appointed pursuant to paragraph (A) above, for the purposes of voting against such resolution, if necessary, the voting rights attaching to Ordinary Shares held by the Twenty Percent Shareholder or members of the Twenty Percent Shareholder Group that appointed him shall be increased so that the votes that may be cast by him/them equal a simple majority of all the votes that may be cast in respect of that resolution, such additional votes to be divided as determined by the board as near as practicable (without creating fractions of votes) equally between the Ordinary Shares held by that Twenty Percent Shareholder or the members of that Twenty Percent Shareholder Group.

**76. Eligibility of new directors**

A director need not be a member.

**77. Power of board to remove directors**

If the Disinterested Directors determine on reasonable grounds that the appointment or continuation in office of any director will or is reasonably likely to lead to a Jeopardy Event, but not otherwise, that director may be removed by notice addressed to him at his last known address signed by all the Disinterested Directors and copied to the Ordinary Shareholder or Shareholder Group that is entitled to remove him from office pursuant to article 74(A) or article 75(A), if any.

**78. No retirement by rotation**

The directors shall not be subject to retirement by rotation.

**79. No retirement on account of age**

No person is incapable of being appointed a director by reason of his having reached the age of 70 or another age. Special notice is not required in connection with the appointment or the approval of the appointment of such person. No director is required to vacate his office because he has reached the age of 70 or another age and section 293 of the Act does not apply to the Company. Where a general meeting is convened at which, to the knowledge of the board, a director is to be proposed for appointment or reappointment who is at the date of the meeting 70 or more, the board shall give notice of his age in the notice convening the meeting or in a document accompanying the notice, but the accidental omission to do so does

not invalidate proceedings or an appointment or reappointment of that director at that meeting.

80. Vacation of office by director

(A) Without prejudice to the provisions for retirement (by rotation or otherwise) contained in the articles, the office of a director is vacated if:

- (i) he resigns by notice delivered to the secretary at the office or tendered at a board meeting; or
- (ii) he ceases to be a director by virtue of a provision of the Acts, is removed from office pursuant to the articles or becomes prohibited by law from being a director; or
- (iii) he becomes bankrupt, has an interim receiving order made against him, makes an arrangement or compounds with his creditors generally or applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act; or
- (iv) an order is made by a court of competent jurisdiction on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian, receiver, curator bonis or other person to exercise powers with respect to his affairs or he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, under the Mental Health (Scotland) Act 1984 and the board resolves that his office be vacated; or
- (v) both he and his alternate director appointed pursuant to the provisions of the articles (if any) are absent, without the permission of the board, from board meetings for six consecutive months and the board resolves that his office be vacated; or
- (vi) he ceases to be a director pursuant to article 38(B); or
- (vii) in the case of an Additional Director, he is removed from office by notice given to the Company in accordance with article 71; or
- (viii) in the case of a director appointed pursuant to article 74 or 75, he is removed from office by notice given to the Company in accordance with article 74 or 75, as the case may be; or
- (ix) he ceases to be a director pursuant to article 74(C) or 75(C); or
- (x) he is removed from office by the board pursuant to article 77.

(B) A resolution of the Disinterested Directors declaring a director to have vacated office under the terms of this article is conclusive as to the fact and grounds of vacation stated in the resolution.

## **ALTERNATE DIRECTORS**

### **81. Appointment**

(A) A director (other than an alternate director) may by notice delivered to the secretary at the office, or in any other manner approved by the board, appoint as his alternate director:

- (i) another director, or
- (ii) another person willing to act.

No appointment of an alternate director who is not already a director is effective until his consent to act as a director in the form prescribed by the Acts has been received at the office.

(B) An alternate director need not be a member and is not counted in reckoning the number of directors for the purpose of article 70.

### **82. Revocation of appointment**

A director may by notice delivered to the secretary at the office revoke the appointment of his alternate director and, subject to the provisions of the preceding article, appoint another person in his place. If a director ceases to hold the office of director or if he dies, the appointment of his alternate director automatically ceases. If a director retires but is reappointed at the meeting at which his retirement takes effect, a valid appointment of an alternate director which was in force immediately before his retirement continues to operate after his reappointment as if he has not retired. The appointment of an alternate director ceases on the happening of an event which, if he were a director otherwise appointed, would cause him to vacate office.

### **83. Participation in board meetings**

An alternate director is, if he gives the Company an address in the United Kingdom at which notices may be served on him, entitled to receive notice of all meetings of the board and all committees of the board of which his appointor is a member and, in the absence from those meetings of his appointor, to attend and vote at the meetings and to exercise all the powers, rights, duties and authorities of his appointor. A director acting as alternate director has a separate vote at meetings of the board and committees of the board for each director for whom he acts as alternate director but he counts as only one for the purpose of determining whether a quorum is present.

### **84. Responsibility**

A person acting as an alternate director is an officer of the Company, is alone responsible to the Company for his acts and defaults, and is not deemed to be the agent of his appointor.

## REMUNERATION, EXPENSES AND PENSIONS

### 85. Directors' fees

The Company shall pay to each of the Additional Directors (but not alternate directors or directors appointed under articles 74 and 75) for their services as directors such fees as the board may determine. A fee payable to a director pursuant to this article is distinct from any salary, remuneration or other amount payable to him pursuant to other provisions of the articles and accrues from day to day.

### 86. Additional remuneration

An Additional Director who, at the request of the board, 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 board may decide.

### 87. Expenses

A director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in the performance of his duties as director, including expenses incurred in attending meetings of the board or of committees of the board or general meetings or separate meetings of the holders of a class of shares or debentures.

### 88. Remuneration and expenses of alternate directors

An alternate director is not entitled to a fee from the Company for his services as an alternate director. The fee payable to an alternate director is payable out of the fee payable to his appointor and consists of such portion (if any) of the fee as he agrees with his appointor. The Company shall, however, repay to an alternate director expenses incurred by him in the performance of his duties if the Company would have been required to repay the expenses to him under the preceding article had he been a director.

### 89. Directors' pensions and other benefits

- (A) The board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (by insurance or otherwise) for a person who is or has at any time been a director of (i) the Company, or (ii) a company which is or was a subsidiary of the Company, or (iii) a company which is or was allied to or associated with the Company or a subsidiary of the Company, or (iv) a predecessor in business of the Company or of a subsidiary of the Company (and for any member of his family, including a spouse or former spouse, or a person who is or was dependent on him). For this purpose the board may establish, maintain, subscribe and contribute to any scheme, trust or fund and pay premiums. The board may arrange for this to be done by the Company alone or in conjunction with another person.

- (B) A director or former director is entitled to receive and retain for his own benefit a pension or other benefit provided under paragraph (A) and is not obliged to account for it to the Company.

90. **Remuneration of executive director**

The salary or remuneration of a director appointed to hold employment or executive office in accordance with the articles may be a fixed sum of money, or wholly or in part governed by business done or profits made, or as otherwise decided by the board, and may be in addition to or instead of a fee payable to him for his services as director pursuant to the articles.

**POWERS AND DUTIES OF THE BOARD**

91. **Powers of the board**

Subject to the Acts, the memorandum of association of the Company and the articles and to directions given by special resolution of the Company, the business of the Company is managed by the board which may exercise all the powers of the Company whether relating to the management of the business or not. No alteration of the memorandum of association or of the articles and no direction given by the Company invalidate a prior act of the board which would have been valid if the alteration had not been made or the direction had not been given. The provisions of the articles giving specific powers to the board do not limit the general powers given by this article.

92. **Powers of executive directors**

The board may delegate to a director holding executive office (including a managing director) any of its powers, authorities and discretions for such time and on such terms and conditions as it thinks fit. In particular, the board may grant the power to sub-delegate, and may retain or exclude the right of the board to exercise the delegated powers, authorities or discretions collaterally with the director. The board may at any time revoke the delegation or alter its terms and conditions.

93. **Delegation to committees**

The board may delegate any of its powers, authorities and discretions for such time and on such terms and conditions as it thinks fit to a committee consisting of one or more directors and/or (if thought fit) one or more other persons, but only if a majority of the members of the committee are directors or alternate directors. No resolution of a committee is effective unless a majority of those present when it is passed are directors or alternate directors. In particular, the board may grant the power to sub-delegate, and may retain or exclude the right of the board to exercise the delegated powers, authorities or discretions collaterally with the committee. The board may at any time revoke the delegation or alter its terms and conditions or discharge the committee in whole or in part. Where a provision of the articles refers to the exercise of a power, authority or discretion by the board and that power, authority or discretion has been validly delegated by the board to a committee, the provision shall be

construed as permitting the exercise of the power, authority or discretion by the committee.

**94. Power of attorney**

The board may by power of attorney or otherwise appoint a person to be the agent of the Company and may delegate to that person any of its powers, authorities and discretions for such purposes, for such time and on such terms and conditions (including as to remuneration) as it thinks fit. In particular, the board may grant the power to sub-delegate and may retain or exclude the right of the board to exercise the delegated powers, authorities or discretions collaterally with the agent. The board may at any time revoke or alter the terms and conditions of the appointment or delegation.

**95. Exercise of voting powers**

Subject to article 97, the board may exercise or cause to be exercised the voting powers conferred by shares in the capital of another company held or owned by the Company, or a power of appointment to be exercised by the Company, in such manner as it thinks fit (including the exercise of the voting power or power of appointment in favour of the appointment of a director as an officer or employee of that company or in favour of the payment of remuneration to the officers or employees of that company).

**96. Provision for employees**

The board may exercise the powers conferred upon the Company by the Acts to make provision for the benefit of a person employed or formerly employed by the Company or any of its subsidiaries (or any member of his family, including a spouse or former spouse, or any person who is or was dependent on him) in connection with the cessation or the transfer to a person of the whole or part of the undertaking of the Company or the subsidiary.

**97. Borrowing powers**

The board may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Acts, to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.

**98. Register of charges**

The Company shall keep a register of charges in accordance with the Acts and the fee to be paid by a person other than a creditor or member for each inspection of the register of charges is the maximum sum prescribed by the Acts or, failing which, decided by the board.

## DIRECTORS' INTERESTS

### 99. Directors' interests

(A) Subject to the Acts and paragraph (B), a director, notwithstanding his office:

- (i) may enter into or otherwise be interested in a contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested either in connection with his tenure of an office or place of profit or as vendor, purchaser or otherwise;
- (ii) may hold another office or place of profit with the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of director and may act by himself or through his firm in a professional capacity to the Company, and in that case on such terms as to remuneration and otherwise as the board may decide either in addition to or instead of remuneration provided for by another article;
- (iii) may be a director or other officer of, or employed by, or a party to a contract, transaction, arrangement or proposal with or otherwise interested in, a company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has a power of appointment; and
- (iv) is not liable to account to the Company for a profit, remuneration or other benefit realised by such office, employment, contract, arrangement, transaction or proposal and no such contract, arrangement, transaction or proposal is avoided on the grounds of any such interest or benefit.

(B) A director who, to his knowledge, is in any way (directly or indirectly) interested in a contract, arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract, arrangement, transaction or proposal is first considered, if he knows his interest then exists or, in any other case, at the first meeting of the board after he knows that he is or has become interested. For the purposes of this article:

- (i) a general notice given to the board by a director that he is to be regarded as having an interest (of the nature and extent specified in the notice) in a contract, transaction, arrangement or proposal in which a specified person or class of persons is interested is a sufficient disclosure under this article in relation to that contract, transaction, arrangement or proposal; and
- (ii) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge is not treated as his interest.

(C) Except as provided in this article, a director may not vote on, or be counted in the quorum in relation to, a resolution of the board or of a committee of the board concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he is, to his knowledge, materially interested directly or indirectly (otherwise than by

virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company), but this prohibition does not apply to a resolution concerning any of the following matters:

- (i) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a subsidiary of the Company) in which he is interested (directly or indirectly) solely by virtue of being interested in less than one per cent. of the capital of that company (a "relevant company"). For the purposes of this sub-paragraph (i) and paragraph (E) below:
  - (a) a director is deemed to have an interest in one per cent. or more of the capital of a relevant company if (directly or indirectly) he is the holder of or interested in one per cent. or more of a class of equity share capital of the relevant company or of the voting rights available to members of the relevant company or if he can cause one per cent. or more of those voting rights to be cast at his direction;
  - (b) shares held by a director as bare or custodian trustee and in which he has no beneficial interest, shares comprised in a trust in which the director's interest is in reversion or is in remainder (if and so long as another person is entitled to receive the income from the trust) and shares comprised in an authorised unit trust scheme in which the director is interested only as a unit holder are disregarded;
  - (c) where a relevant company in the capital of which a director is deemed for the purposes of this paragraph (C) to be interested in one per cent. or more is materially interested in a contract, the director is also deemed to be materially interested in that contract;
- (ii) the giving to him of a guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
- (iii) the giving to a third party of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (iv) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiaries for subscription or purchase, in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting;
- (v) a contract, arrangement, transaction or proposal concerning the adoption, modification or operation of a pension fund, retirement, death or disability benefits scheme or personal pension plan under which he may benefit and which either (a) has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes, or (b) relates to both employees and directors



of the Company (or any of its subsidiaries) and does not accord to a director as such a privilege or advantage not accorded to the employees to whom the scheme or fund relates;

- (vi) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiaries under which the director benefits in a similar manner to employees and which does not accord to a director as such a privilege or advantage not accorded to the employees to whom it relates; and
  - (vii) a contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance policy under which he may benefit.
- (D) A director appointed under articles 74 or 75 may not vote on, or be counted in the quorum in relation to, a resolution of the board or a committee of the board on any matter reserved to the board or the directors pursuant to article 27 (Provision of information), article 33 (Pre-emption on transfer), article 34 (Compulsory transfer on default), article 36 (Fair Value) or article 37 (Required Disposals by Jeopardy Persons) which concerns the Ordinary Shareholder or Shareholder Group that is entitled to remove him from office under article 74(A) or article 75(A), if any.
- (E) A director may not vote on, or be counted in the quorum in relation to, a resolution of the board or a committee of the board in connection with a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning an Ordinary Shareholder which is entitled to remove him from office under article 74(A) or article 75(A) or a member of a Shareholder Group which is so entitled or another company in which the director is, to his knowledge, materially interested directly or indirectly (whether as an officer, employee, shareholder or creditor of such company or any of its group undertakings or otherwise) otherwise than solely by virtue of being interested in less than one per cent. of the capital of that company (see paragraph (C)(i) above) and such Ordinary Shareholder or company is deemed for the purposes of this paragraph (E) to be concerned in a contract, arrangement or transaction to which it or, to the knowledge of the director, any of its group undertakings is a party.
- (F) A director may not vote on, or be counted in the quorum in relation to, a resolution of the board or committee of the board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of an office or place of profit with the Company or any company in which the Company is interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or its termination) of two or more directors to offices or places of profit with the Company or a company in which the Company is interested, such proposals shall be divided and a separate resolution considered in relation to each director. In such case each of the directors concerned (if not otherwise debarred from voting under this article) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (G) If a question arises at a meeting as to the materiality of a director's interest (other than the interest of the chairman of the meeting) or as to the entitlement of a director (other than the chairman) to vote or be counted in a quorum and the question is not resolved by his

voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be referred to the chairman and his ruling in relation to the director concerned is conclusive and binding on all concerned.

- (H) If a question arises at a meeting as to the materiality of the interest of the chairman of the meeting or as to the entitlement of the chairman to vote or be counted in a quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be decided by resolution of the directors or committee members present at the meeting (excluding the chairman) whose majority vote is conclusive and binding on all concerned.
- (I) Subject to the Acts and the prior written approval of all Relevant Shareholders, the board may suspend or relax the provisions of this article either generally or in respect of a particular matter or ratify any transaction not authorised by reason of a contravention of this article.
- (J) For the purposes of this article, the interest of a person who is for the purposes of the Acts connected with (within the meaning of section 346 of the Act) a director is treated as the interest of the director and, in relation to an alternate director, the interest of his appointor shall be treated as the interest of the alternate director in addition to an interest which the alternate director otherwise has. This article applies to an alternate director as if he were a director otherwise appointed.

#### **PROCEEDINGS OF DIRECTORS AND COMMITTEES**

##### **100. Board meetings**

Subject to the articles, the board shall meet for the despatch of business as a minimum four times in each calendar year (with a meeting being held in each quarter of such calendar year) and the board may adjourn and otherwise regulate its proceedings as it thinks fit.

##### **101. Notice of board meetings**

- (A) A director may, and the secretary at the request of a director shall, summon a board meeting at any time.
- (B) Notice of a board meeting shall be given to each director together with brief details of matters to be discussed at such meeting not less than 14 clear days before the date of the meeting or on shorter notice if:-
  - (i) all the directors agree in writing; or
  - (ii) in the reasonable opinion of the Chairman, the circumstances demand it provided that in such case the notice be given not less than 24 hours before the time the meeting is due to commence.
- (C) Notice given to a director shall be in writing and delivered to him personally or by courier or sent by registered post (air mail if overseas) or by telefax (with a hard copy duly sent at the same time by recorded delivery post as aforesaid) at his last-known address or another

address given by him to the Company for that purpose (whether in or outside the United Kingdom) or, in the case only of a meeting called on shorter notice in accordance with subparagraph (ii) above, may be given by word of mouth and confirmed by fax. A director may waive the requirement that notice be given to him of a board meeting, either prospectively or retrospectively.

- (D) Any notice given to a director in accordance with this article is deemed to have been duly given:
- (i) if delivered personally or by courier, at 10 a.m. local time in the place of receipt on the first business day after being left;
  - (ii) if sent by recorded delivery post other than air mail, on the third business day after posting it;
  - (iii) if sent by air mail, on the eighth business day after posting it;
  - (iv) if sent by telefax at 10 a.m. local time in the place of receipt on the first business day after completion of its transmission.

#### 102. Quorum

The quorum necessary for the transaction of business is three (3) directors each appointed by a different Twenty Percent Shareholder or Twenty Percent Shareholder Group, present in person or by alternate director or, if for the time being there are less than three different Twenty Percent Shareholders and Twenty Percent Shareholders Groups, the quorum necessary for the transaction of business is three (3) directors including at least one director appointed by each different Twenty Percent Shareholder or Twenty Percent Shareholder Group, present in person or by alternate director. A duly convened meeting of the board at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the board.

#### 103. Chairman of board

The Relevant Shareholders together may by notice to the Company appoint one Additional Director to preside as chairman at every board meeting at which he is present and decide the period for which he is to hold office (and may at any time remove him from office). If at the time there is only one Additional Director, the sole Additional Director shall preside as chairman at every board meeting at which he is present. If there is more than one Additional Director and no chairman is elected, or if at a meeting the chairman is not present within 5 minutes of the time fixed for the start of the meeting, the Additional Directors and alternate directors for Additional Directors (in the absence of their appointors) present shall choose one of their number to be chairman and, if no Additional Directors nor alternate directors for Additional Directors are present, the directors and alternate directors (in the absence of their appointors) present shall choose one of their number to be chairman.

104. Voting

- (A) Questions arising at a meeting of the board are determined by a majority of votes. In the case of an equality of votes, the matter shall be decided by the Company by ordinary resolution.
- (B) Subject to article 99 a director who may be removed from office by a Twenty Percent Shareholder or Twenty Percent Shareholder Group under article 75(A) shall have a second vote in addition to his own if the second director appointed by the Twenty Percent Shareholder or Twenty Percent Shareholder Group that appointed him is absent from any meeting of the board or committee of the board or if a second director has not been so appointed.

105. Participation by telephone

A director or his alternate director may participate in a meeting of the board or a committee of the board 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 Acts, all business transacted in this way by the board or a committee of the board is for the purposes of the articles deemed to be validly and effectively transacted at a meeting of the board or a committee of the board although fewer than two directors 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.

106. Resolution in writing

A resolution in writing executed by all directors for the time being entitled to receive notice of a board meeting and not being less than a quorum or by all members of a committee of the board is as valid and effective for all purposes as a resolution passed at a meeting of the board (or committee, as the case may be). The resolution in writing may consist of several documents in the same form each executed by one or more of the directors or members of the relevant committee. The resolution in writing need not be signed by an alternate director if it is signed by his appointor and a resolution signed by an alternate director need not be signed by his appointor.

107. Proceedings of committees

- (A) Proceedings of committees of the board shall be conducted in accordance with regulations prescribed by the board (if any). Subject to those regulations and paragraph (B) below, proceedings shall be conducted in accordance with applicable provisions of the articles regulating the proceedings of the board.
- (B) Where the board resolves to delegate any of its powers, authorities and discretions to a committee and that resolution states that the committee shall consist of any one or more unnamed directors, it is not necessary to give notice of a meeting of that committee to directors other than the director or directors who form the committee.

108. Minutes of proceedings

(A) The board shall cause minutes to be made in books kept for the purpose of:

- (i) all appointments of officers and committees made by the board and of any remuneration fixed by the board; and
- (ii) the names of directors present at every meeting of the board, committees of the board, the Company or the holders of a class of shares or debentures, and all orders, resolutions and proceedings of such meetings.

(B) If purporting to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting, minutes are receivable as prima facie evidence of the matters stated in them.

109. Validity of proceedings of board or committee

All acts done by a meeting of the board, or of a committee of the board, or by a person acting as a director, alternate director or member of a committee are, notwithstanding that it is afterwards discovered that there was a defect in the appointment of a person or persons acting, or that they or any of them were or was disqualified from holding office or not entitled to vote, or had in any way vacated their or his office, as valid as if every such person had been duly appointed, and was duly qualified and had continued to be a director, alternate director or member of a committee and entitled to vote.

**SECRETARY AND AUTHENTICATION OF DOCUMENTS**

110. Secretary

- (A) Subject to the Acts, the board shall appoint a secretary or joint secretaries and may appoint one or more persons to be an assistant or deputy secretary on such terms and conditions (including remuneration) as it thinks fit. The board may remove a person appointed pursuant to this article from office and appoint another or others in his place.
- (B) Any provision of the Acts or of the articles requiring or authorising a thing to be done by or to a director and the secretary is not satisfied by its being done by or to the same person acting both as director and as, or in the place of, the secretary.

111. Authentication of documents

A director or the secretary or another person appointed by the board for the purpose may authenticate documents affecting the constitution of the Company (including the memorandum of association and the articles) and resolutions passed by the Company or holders of a class of shares or the board or a committee of the board and books, records, documents and accounts relating to the business of the Company, and to certify copies or extracts as true copies or extracts.

## **SEALS**

### **112. Safe custody**

The board shall provide for the safe custody of every seal.

### **113. Application of seals**

A seal may be used only by the authority of a resolution of the board or of a committee of the board. The board may decide who will sign an instrument to which a seal is affixed (or, in the case of a share certificate, on which the seal is printed) either generally or in relation to a particular instrument or type of instrument. The board may also decide, either generally or in a particular case, that a signature may be dispensed with or affixed by mechanical means. Unless otherwise decided by the board:

- (i) share certificates and certificates issued in respect of debentures or other securities (subject to the provisions of the relevant instrument) need not be signed or, if signed, a signature may be applied by mechanical or other means or may be printed; and
- (ii) every other instrument to which a seal is affixed shall be signed by one director and by the secretary or a second director.

### **114. Official seal for use abroad**

The Company may exercise the powers conferred by the Acts with regard to having an official seal for use abroad, and those powers shall be vested in the board.

## **DIVIDENDS AND OTHER PAYMENTS**

### **115. Declaration of dividends**

Subject to the Acts and the articles, the Company may by ordinary resolution declare a dividend to be paid to the members according to their respective rights and interests, but no dividend may exceed the amount recommended by the board.

### **116. Interim dividends**

Subject to the Acts, the board may declare and pay such interim dividends (including a dividend payable at a fixed rate) as appear to it to be justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the board may pay interim dividends on shares which rank after shares conferring preferred rights with regard to dividend as well as on shares with preferred rights, unless at the time of payment a preferential dividend is in arrear. If the board acts in good faith, it does not incur any liability to the holders of shares conferring preferred rights for a loss they may suffer by the lawful payment of an interim dividend on shares ranking after those with preferred rights.

117. Entitlement to dividends

Subject to article 38, except as otherwise provided by the rights attached to shares, a dividend shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid, but no amount paid up on a share in advance of a call may be treated for the purpose of this article as paid up on the share. Subject to article 38, dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

118. Method of payment

- (A) The Company may pay a dividend, interest or another amount payable in respect of a share in cash or by cheque, dividend warrant or money order, or by a bank or other funds transfer system, or by such other method as the holder or joint holders of the share in respect of which the payment is made (or the person or persons entitled by transmission to the share) may in writing direct. Any joint holder or other person jointly entitled to a share may give an effective receipt for a dividend, interest or other amount paid in respect of the share.
- (B) The Company may send a cheque, warrant or order by post (i) in the case of a sole holder, to his registered address, or (ii) in the case of joint holders, to the registered address of the person whose name stands first in the register, or (iii) in the case of a person or persons entitled by transmission to a share, as if it were a notice given in accordance with article 137, or (iv) in any case, to a person and address that the person or persons entitled to the payment may in writing direct.
- (C) Every cheque, warrant or order is sent at the risk of the person entitled to the payment and shall be made payable to the order of the person or persons entitled. The payment of the cheque, warrant or order is a good discharge to the Company. If payment is made by a bank or other funds transfer, or by another method at the direction of the holder or holders or other person or persons entitled, the Company is not responsible for amounts lost or delayed in the course of the transfer or in carrying out such directions.
- (D) The board may withhold payment of a dividend (or part of a dividend) payable to a person entitled by transmission to a share until he has provided any evidence of his right that the board may reasonably require.

119. Dividends not to bear interest

No dividend or other amount payable by the Company in respect of a share bears interest against the Company unless otherwise provided by the rights attached to the share.

120. Calls or debts may be deducted from dividends etc.

The board may deduct from a dividend or other amounts payable to a person in respect of a share amounts due from him to the Company on account of a call or otherwise in relation to a share.

**121. Unclaimed dividends etc.**

All unclaimed dividends, interest or other amounts payable by the Company in respect of a share may be invested or otherwise made use of by the board for the benefit of the Company until claimed. Dividends unclaimed for a period of 12 years after having been declared are forfeited and cease to remain owing by the Company. The payment of an unclaimed dividend, interest or other amount payable by the Company in respect of a share into a separate account does not constitute the Company a trustee in respect of it.

**122. Uncashed dividends**

If, in respect of a dividend or other amount payable in respect of a share, on two consecutive occasions:

- (i) a cheque, warrant or order is returned undelivered or left uncashed, or
- (ii) a transfer made by a bank or other funds transfer system is not accepted,

the Company is not obliged to send or transfer a dividend or other amount payable in respect of that share to the person entitled to it until he notifies the Company of an address or account to be used for that purpose.

**123. Payment of dividends in specie**

The board may, with the prior authority of an ordinary resolution of the Company, direct that payment of a dividend may be satisfied wholly or in part by the distribution of specific assets and in particular of paid-up shares or debentures of another company. Where a difficulty arises in connection with the distribution, the board may settle it as it thinks fit and in particular may issue fractional certificates (or ignore fractions), may fix the value for distribution of the specific assets (or any part of them), may decide that a cash payment be made to a member on the basis of the value so fixed, in order to secure equality of distribution, and may vest assets in trustees on trust for the persons entitled to the dividend as may seem expedient to the board.

**124. Payment of scrip dividends**

- (A) Subject to the Acts, the board may with the prior authority of an ordinary resolution of the Company, allot to those holders of a particular class of shares who have elected to receive them further shares of that class or another class of shares, in either case credited as fully paid, ("new shares") instead of cash in respect of all or part of a dividend or dividends specified by the resolution, subject to any exclusions, restrictions or other arrangements the board may in its absolute discretion deem necessary or expedient to deal with legal or practical problems under the laws of, or the requirements of a recognised regulatory body or a stock exchange in, any territory.



- (B) Where a resolution under paragraph (A) above is to be proposed at a general meeting and the resolution relates in whole or in part to a dividend to be declared at that meeting, then the resolution declaring the dividend is deemed to take effect at the end of that meeting.
- (C) A resolution under paragraph (A) may relate to a particular dividend or to all or any dividends declared or paid within a specified period, but that period may not end later than the beginning of the fifth annual general meeting following the date of the meeting at which the resolution is passed.
- (D) The board shall determine the basis of allotment of, and the value of, new shares so that, as nearly as may be considered convenient without involving rounding up of fractions, the value of the new shares (including a fractional entitlement) to be allotted equals (disregarding an associated tax credit) the amount of the dividend which would otherwise have been received by the holder.
- (E) The board may make any provision it considers appropriate in relation to an allotment made pursuant to this article, including but not limited to:
- (i) the giving of notice to holders of the right of election offered to them;
  - (ii) the provision of forms of election (whether in respect of a particular dividend or dividends generally);
  - (iii) determination of the procedure for making and revoking elections;
  - (iv) the place at which, and the latest time by which, forms of election and other relevant documents must be lodged in order to be effective; and
  - (v) the disregarding or rounding up or down or carrying forward of fractional entitlements, in whole or in part, or the accrual of the benefit of fractional entitlements to the Company (rather than to the holders concerned).
- (F) The dividend (or that part of the dividend in respect of which a right of election has been offered) is not declared or payable on shares in respect of which an election has been duly made (the "elected shares"); instead new shares are allotted to the holders of the elected shares on the basis of allotment calculated as in paragraph (D). For that purpose, the board may resolve to capitalise out of amounts standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, a sum equal to the aggregate nominal amount of the new shares to be allotted and apply it in paying up in full the appropriate number of new shares for allotment and distribution to the holders of the elected shares. A resolution of the board capitalising part of the reserves has the same effect as if the capitalisation had been declared by ordinary resolution of the Company pursuant to article 125. In relation to the capitalisation the board may exercise all the powers conferred on it by article 125 without an ordinary resolution of the Company.
- (G) The new shares rank *pari passu* in all respects with each other and with the fully-paid shares of the same class in issue on the record date for the dividend in respect of which the right of

election has been offered, but they will not rank for a dividend or other distribution or entitlement which has been declared or paid by reference to that record date.

### **CAPITALISATION OF PROFITS**

#### **125. Capitalisation of profits**

Subject to the Acts, the board may, with the authority of an ordinary resolution of the Company:

- (i) resolve to capitalise an amount standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution;
- (ii) appropriate the sum resolved to be capitalised to the members in proportion to the nominal amount of shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:
  - (a) paying up the amounts (if any) for the time being unpaid on shares held by them respectively, or
  - (b) paying up in full unissued shares or debentures of a nominal amount equal to that sum,

and allot the shares or debentures, credited as fully paid, to the 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 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;

- (iii) make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, where shares or debentures become distributable in fractions, the board may deal with the fractions as it thinks fit, including issuing fractional certificates, disregarding fractions or selling shares or debentures representing the fractions to a person for the best price reasonably obtainable and distributing the net proceeds of the sale in due proportion amongst the members (except that if the amount due to a member is less than £3, or such other sum as the board may decide, the sum may be retained for the benefit of the Company);
- (iv) authorise a person to enter (on behalf of all the members concerned) an agreement with the Company providing for either:
  - (a) the allotment to the members respectively, credited as fully paid, of shares or debentures to which they may be entitled on the capitalisation, or

- (b) the payment by the Company on behalf of the members (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing shares,

an agreement made under the authority being effective and binding on all those members; and

- (v) generally do all acts and things required to give effect to the resolution.

#### **RECORD DATES**

##### **126. Record dates**

Notwithstanding any other provision of the articles, but without prejudice to the rights attached to shares, the Company or the board may fix any date as the record date for a dividend, distribution, allotment or issue. The record date may be on or at any time before or after a date on which the dividend, distribution, allotment or issue is declared, made or paid.

#### **ACCOUNTS**

##### **127. Inspection of accounts**

- (A) The board shall cause accounting records to be kept in accordance with the Acts.
- (B) The accounting records shall be kept at the office or, subject to the Acts, at another place decided by the board and shall be available during business hours for the inspection of the directors and other officers.

##### **128. Accounts to be sent to members etc.**

- (A) In respect of each financial year, a copy of the Company's annual accounts, directors' report and auditors' report on those accounts shall be sent by post or delivered to:
  - (i) every member (whether or not entitled to receive notices of general meetings),
  - (ii) every holder of debentures (whether or not entitled to receive notices of general meetings), and
  - (iii) every other person who is entitled to receive notices of general meetings,

not less than 21 clear days before the date of the meeting at which copies of those documents are to be laid in accordance with the Acts. This article does not require copies of the documents to which it applies to be sent or delivered to:

- (a) a member or holder of debentures of whose address the Company is unaware, or
- (b) more than one of the joint holders of shares or debentures.

- (B) Where permitted by the Acts, a summary financial statement derived from the Company's annual accounts and the directors' report in the form and containing the information prescribed by the Acts may be sent or delivered to a member in place of the documents required to be sent or delivered by the preceding article.

## NOTICES

### 129. Notices to be in writing

A notice to be given to or by a person pursuant to the articles shall be in writing except that a notice convening a meeting of the board or of a committee of the board need not be in writing.

### 130. Service of notices and other documents

- (A) A notice or other document shall be given to a member by the Company either personally or by courier or by sending it within the United Kingdom by registered post (airmail if overseas) addressed to the member at his registered address, or by transmitting it by telefax to that address addressed to the member (with a hard copy duly sent at the same time by courier or by recorded delivery post as aforesaid) and, in the case of a GTECH Shareholder, shall be copied to such GTECH Shareholder at up to one other address notified to the Company by it for such purpose.
- (B) In the case of joint holders of a share, a notice or other document shall be given to whichever of them is named first in the register in respect of the joint holding and notice given in this way is sufficient notice to all joint holders.
- (C) If a member (or, in the case of joint holders, the person first named in the register) has a registered address outside the United Kingdom or, in the case of a GTECH Shareholder, has notified to the Company an address for service of copies of notices and other documents outside the United Kingdom, he shall be entitled to receive notices and other documents at such address unless the board considers that it is reasonable not to deliver a particular notice or document to him at that address in order to avoid potential legal or practical problems under the laws of, or the requirements of a recognised regulatory body or stock exchange in, the relevant territory. If a member who has a registered address outside the United Kingdom has notified the Company of an address in the United Kingdom at which notices or other documents may be given to him, he is entitled to have notices or other documents given to him at that address.
- (D) A notice or other document may be given to the Company by a member either by leaving it at the office or by sending it within the United Kingdom by courier or by registered post addressed to the office or by transmitting it by telefax to the Company at the office (with a hard copy duly sent at the same time by registered post as aforesaid), in each case marked for the attention of the secretary.

**131. Evidence of service**

(A) A notice or other document addressed to a member at his registered address or address for service in the United Kingdom or to the Company at the office is deemed to have been duly given:

- (i) if delivered personally or by courier, at 10 a.m. local time in the place of receipt on the first business day after being left;
- (ii) if sent by registered post other than air mail, on the third business day after posting it;
- (iii) if sent by air mail, on the eighth business day after posting it;
- (iv) if sent by telefax at 10 a.m. local time in the place of receipt on the first business day after completion of its transmission.

(B) A member present in person or by proxy at a meeting or of the holders of a class of shares is deemed to have received due notice of the meeting and, where required, of the purposes for which it was called.

**132. Notice binding on transferees etc.**

A person who becomes entitled to a share by transmission, transfer or otherwise is bound by a notice in respect of that share which, before his name is entered in the register, has been properly served on a person from whom he derives his title.

**133. Notice in case of entitlement by transmission**

Where a person is entitled by transmission to a share, the Company may give a notice or other document to that person as if he were the holder of a share by addressing it to him by name or by the title of representative of the deceased or trustee of the bankrupt member (or by similar designation) at an address in the United Kingdom supplied for that purpose by the person claiming to be entitled by transmission. Until an address has been supplied, a notice or other document may be given in any manner in which this it might have been given if the death or bankruptcy or other event had not occurred. The giving of notice in accordance with this article is sufficient notice to all other persons interested in the share.

**DESTRUCTION OF DOCUMENTS**

**134. Destruction of documents**

(A) The Company may destroy:

- (i) a share certificate which has been cancelled at any time after one year from the date of cancellation;

- (ii) a mandate for the payment of dividends or other amounts or a variation or cancellation of a mandate or a notification of change of name or address at any time after two years from the date the mandate, variation, cancellation or notification was recorded by the Company;
  - (iii) an instrument of transfer of shares (including a document constituting the renunciation of an allotment of shares) which has been registered at any time after six years from the date of registration; and
  - (iv) any other document on the basis of which any entry in the register is made at any time after six years from the date an entry in the register was first made in respect of it.
- (B) It is presumed conclusively in favour of the Company that every share certificate destroyed was a valid certificate validly cancelled, that every instrument of transfer destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed was a valid and effective document in accordance with the recorded particulars in the books or records of the Company, but:
- (i) the provisions of this article apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of the document is relevant to a claim;
  - (ii) nothing contained in this article imposes on the Company liability in respect of the destruction of a document earlier than provided for in this article or in any case where the conditions of this article are not fulfilled; and
  - (iii) references in this article to the destruction of a document include reference to its disposal in any manner.

## WINDING UP

### 135. Winding Up

On a voluntary winding up of the Company the liquidator may, subject to the prior written approval of all the Relevant Shareholders and on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of the Company, whether or not the assets consist of property of one kind or of different kinds. For this purpose the liquidator may set the value he deems fair on a class or classes of property, and may determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be carried out between members or classes of members. The liquidator may not, however, distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

## INDEMNITY

### 136. Indemnity

- (A) Subject to the Acts, 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:
- (a) 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
  - (b) 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.
- (B) The board 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.