

No. 2983302



## THE COMPANIES ACT 1985

### COMPANY LIMITED BY SHARES

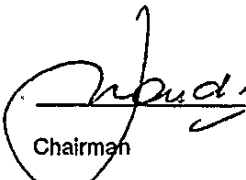
#### Special Resolution of Tarquin plc

At an Extraordinary General Meeting of the Company duly convened and held at 1 Minster Court, Mincing Lane, London EC3R 7AA on 5 June 1998, the following Resolution was duly passed as a Special Resolution:

#### Special Resolution

THAT the Directors be authorised to apply for the re-registration of the Company as a private company under the name of Tarquin Limited and accordingly that:

- (a) the name "Tarquin Limited" be substituted for the name "Tarquin plc" in Clause 1 of the Company's Memorandum of Association;
- (b) Clause 2 of the Company's Memorandum of Association be deleted and the remaining Clauses be renumbered accordingly; and
- (c) effective from the date of the re-registration of the Company as a private company the attached articles of association, which incorporate the substitution of the word "Limited" for the words "Public Limited Company" in the name of the Company wherever it appears in the existing Articles of Association, be adopted as the Articles of Association of the Company, in substitution for and to the exclusion of the existing Articles of Association.

  
Chairman

# 11-06-98



## THE COMPANIES ACTS 1985 AND 1989

### PRIVATE COMPANY LIMITED BY SHARES

#### MEMORANDUM OF ASSOCIATION

of

#### **Tarquin Limited**

**(as altered by special resolutions passed on 28 November 1994 and 5 June 1998)**

- 1 The Company's name is "Tarquin Limited".
- 2 The Company's registered office is to be situated in England and Wales.
- 3 The Company's objects are:
  - (A) (i) To carry on business as manufacturers, builders and suppliers of and dealers in goods of all kinds, and as mechanical, general, electrical, marine, radio, electronic, aeronautical, chemical, petroleum, gas, civil and constructional engineers, and manufactures, importers and exporters of, dealers in machinery, plant and equipment of all descriptions and component parts thereof, forgings, castings, tools, implements, apparatus and all other articles and things.
  - (ii) To act as an investment holding company and to co-ordinate the business of any companies in which the Company is for the time being interested, and 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 or by any government sovereign ruler, commissioners, public body or authority and to hold the same as investments, and to sell, exchange, carry and dispose of the same.
  - (iii) To carry on the businesses in any part of the world as Importers, exporters, buyers, sellers, distributors and dealers and to win, process and work produce of all kinds.
- (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, 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 which can in the opinion of the directors be advantageously carried on by the company in connection with or 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 clause 3, or which may be required by persons having, or about to have, dealings with the Company.
- (D) To build, construct, maintain, alter, enlarge, pull down, remove and replace any buildings, shops, factories, offices, works, machinery and engines, and to work, manage and control these things.

- (E) To enter into contracts, agreements and arrangements with any person for the carrying out by that person on behalf of the Company of any object 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 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 make profitable any of the Company's property or rights, or any property suitable for the purposes of the Company.
- (G) To enter into any arrangement with a government or authority, whether national, international, supreme, municipal, local or otherwise, that may in the opinion of the directors be conducive to any object of the Company, and to obtain from that government or authority any right, privilege or concession which in the opinion of the directors is desirable, and to carry out, exercise and comply with that arrangement, right, privilege or concession.
- (H) To apply for, purchase and by other means acquire, protect, prolong and renew any patent, patent right, brevet d'invention, licence, secret process, invention, trade mark, service mark, copyright, registered design, protection, concession and right of the same or similar effect or nature, and to use, turn to account, manufacture under and grant licences and privileges in respect of those things, and to spend money in experimenting with, testing, researching, improving and seeking to improve any of those things.
- (I) To acquire an interest in, amalgamate with and enter into partnership or any arrangement for the sharing of profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any person, or with any employees of the Company. To lend money to, guarantee the contracts of, and otherwise assist that person or those employees, and to take and otherwise acquire an interest in that person's shares or other securities and to sell, hold, re-issue, with or without guarantee, and otherwise deal with those shares or other securities.
- (J) To lend money to, subsidise and assist any person, to act as agents for the collection, receipt and payment of money and generally to act as agents and brokers for and perform services for any person, and to undertake and perform sub-contracts.
- (K) To enter into any guarantee or contract of indemnity or suretyship, and to provide security, including, without limitation, the guarantee and provision of security for the performance of the obligations of or the payment of any money (including, without limitation, capital, principal, premiums, dividends, interest, commissions, charges, discount and any related costs or expenses whether on shares or other securities) by any person including, without limitation, any body corporate which is for the time being the Company's holding company, the Company's subsidiary, a subsidiary of the Company's holding company or any person which is for the time being a member or otherwise has an interest in the Company or is associated with the Company in any business or venture, with or without the Company receiving any consideration or advantage (whether direct or indirect), and whether by personal covenant or mortgage, charge or lien over all or part of the Company's undertaking, property, assets or uncalled capital (present and future) or by other means. For the purposes of paragraph (K) "guarantee" includes any obligation, however described, to pay, satisfy, provide funds for the payment or satisfaction of (including, without limitation, by advance of money, purchase of or subscription for shares or other securities and purchase of assets or services), indemnify against the consequences of default in the payment of, or otherwise be responsible for, any indebtedness of any other person.
- (L) To promote, finance and assist any person for the purpose of acquiring all or any of the property, rights and undertaking or assuming the liabilities of the Company, or for any other purpose which may in the opinion of the directors directly or indirectly benefit the Company, and in that connection to place, guarantee the placing of, underwrite, subscribe for and otherwise acquire all or any part of the shares or other securities of a body corporate.

- (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 and raising money for the Company and the issue of its shares or other securities, including, without limitation, those incurred in connection with the advertising and offering of its shares or other securities for sale or subscription, brokerage and commissions for obtaining applications for and taking, placing, underwriting or procuring the underwriting of its shares or other securities.
- (N) To remunerate any person for services rendered or to be rendered to the Company, including, without limitation, by cash payment or by the allotment of shares or other securities of the Company, credited as paid up in full or in part.
- (O) To purchase, take on lease, exchange, hire and otherwise acquire any real or personal property and any right or privilege over or in respect of it.
- (P) To receive money on deposit on any terms the directors think fit.
- (Q) To invest and deal with the Company's money and funds in any way the directors think fit.
- (R) To lend money and give credit with or without security.
- (S) To borrow, raise and secure the payment of money in any way the directors think fit, including, without limitation, by the issue of debentures and other securities, perpetual or otherwise, charged on all or any of the Company's property (present and future) or its uncalled capital, and to purchase, redeem and pay off those securities.
- (T) To remunerate any person for services rendered or to be rendered in placing, assisting and guaranteeing the placing and procuring the underwriting of any share or other security of the Company or of any person in which the Company may be interested or proposes to be interested, or in connection with the conduct of the business of the Company, including, without limitation, by cash payment or by the allotment of shares or other securities of the Company, credited as paid up in full or in part.
- (U) To subscribe for, acquire and hold (in each case absolutely or conditionally) shares, debentures and other securities of any person and to co-ordinate, finance and manage the business and operation of any person in which the Company has an 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 and dispose of any real or personal property and the whole or part of the undertaking of the Company, for such consideration as the directors think fit, including, without limitation, for shares, debentures or other securities, whether fully or partly paid up, of any person, whether or not having objects (altogether or in part) similar to those of the Company. To hold any shares, debentures and other securities so acquired, and to improve, manage, develop, sell, exchange, lease, mortgage, dispose of, grant options over, turn to account or otherwise deal with all or any part of the property or rights of the Company.
- (X) To adopt any means of publicising and making known the businesses, services and products of the Company as the directors think fit, including, without limitation, advertisement, publication and distribution of notices, circulars, books and periodicals, purchase and exhibition of works of art and interest and granting and making of prizes, rewards and donations.
- (Y) To support, subscribe to and contribute to any charitable or public object and any institution, society and club which may be for the benefit of the Company or persons who are or were directors, officers or employees of the Company, its predecessor in business, any subsidiary of the Company or any person allied to or associated with the Company, or which may be

connected with any town or place where the Company carries on business. To subsidise and assist any association of employers or employees and any trade association. To grant pensions, gratuities, annuities and charitable aid and to provide advantages, facilities and services to any person (including any director or former director) who may have been employed by or provided services to the Company, its predecessor in business, any subsidiary of the Company or any person allied to or associated with the Company and to the spouses, children, dependants and relatives of those persons and to make advance provision for the payment of those pensions, gratuities and annuities by establishing or acceding to any trust, scheme or arrangement (whether or not capable of approval by the Commissioners of Inland Revenue under any relevant legislation) the directors think fit, to appoint trustees and to act as trustee of any trust, scheme or arrangement, and to make payments towards insurance for the benefit of those persons and their spouses, children, dependants and relatives.

- (Z) To establish and contribute to any scheme for the purchase or subscription by trustees of shares or other securities of the Company to be held for the benefit of the employees of the Company, any subsidiary of the Company or any person allied to or associated with the Company, to lend money to those employees or to trustees on their behalf to enable them to purchase or subscribe for shares or other securities of the Company and to formulate and carry into effect any scheme for sharing the profits of the Company with employees.
- (AA) To apply for, promote and obtain any Act of Parliament and any order or licence of any government department or authority (including, without limitation, the Department of Trade and Industry) to enable the Company to carry any of its objects into effect, to effect any modification of the Company's constitution and for any other purpose which the directors think fit, and to oppose any proceeding or application which may in the opinion of the directors directly or indirectly prejudice the Company's interests.
- (AB) To establish, grant and take up agencies, and to do all other things the directors may deem conducive to the carrying on of the Company's business as principal or agent, and to remunerate any person in connection with the establishment or granting of an agency on the terms and conditions the directors think fit.
- (AC) To distribute among the shareholders in specie any of the Company's property and any proceeds of sale or disposal of any of the Company's property and for that purpose to distinguish and separate capital from profits, but no distribution amounting to a reduction of capital may be made without any sanction required by law.
- (AD) To purchase and maintain insurance for the benefit of any person who is or was an officer or employee of the Company, a subsidiary of the Company or a company in which the Company has or had an interest (whether direct or indirect) or who is or was trustee of any retirement benefits scheme or any other trust in which any officer or employee or former officer or employee is or has been interested, indemnifying that person against liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against.
- (AE) To amalgamate with any other person and to procure the Company to be registered or recognised in any part of the world.
- (AF) To do all or any of the things provided in any paragraph of clause 3:
  - (i) in any part of the world;
  - (ii) as principal, agent, contractor, trustee or otherwise;
  - (iii) by or through trustees, agents, subcontractors or otherwise; and
  - (iv) alone or with another person or persons.

- (AG) To do all things that 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.
- (AH) The objects specified in each paragraph of clause 3 shall, except where otherwise provided in that 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 clause 3 or the objects or powers specified or conferred in or by them is deemed subsidiary or ancillary to the objects or powers mentioned in any other paragraph. 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.
- (AI) In clause 3, a reference to:
  - (i) a "person" includes a reference to a body corporate, association or partnership whether domiciled in the United Kingdom or elsewhere and whether incorporated or unincorporated;
  - (ii) the "Act" is, unless the context otherwise requires, a reference to the Companies Act 1985, as modified or re-enacted or both from time to time; and
  - (iii) a "subsidiary" or "holding company" is to be construed in accordance with section 736 of the Act.
- 4 The liability of the members is limited.
- 5 The Company's share capital is £50,000 divided into 50,000 Sterling Deferred Shares, plus US\$7,607,297.62 divided in 2,658,800 A Ordinary Shares of US\$1 each, 572,162 "A" Ordinary Shares of US\$0.01 each, 712,788 "B" Ordinary Shares and 4,229,988 "C" Ordinary Shares.

11-06-98

Company No. 2983302

**THE COMPANIES ACTS 1985 AND 1989**  
**COMPANY LIMITED BY SHARES**

---

**ARTICLES OF ASSOCIATION**  
**of**  
**TARQUIN LIMITED**  
(as altered by Special Resolutions on 30 November 1994, 28  
November 1995 and 5 June 1998)  
  
Incorporated 20 October 1994  
  
Adopted by special resolution passed on 30 November 1994

---

**Preliminary**

**1 (a) In these articles:**

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

"A Director" means any person appointed as a director of the Company who has been designated a director by the "A" Ordinary Shareholders pursuant to Article 97;

"A Ordinary Share" means an "A" Ordinary Share of US\$1 in the capital of the Company (or, in the case of "A" Ordinary Shares issued pursuant to Clause 5 of the Shareholders Agreement an "A" Ordinary Share of US\$0.01 in the capital of the company) and "A" Ordinary Shareholder means a holder of such "A" Ordinary Shares;

"articles" means the articles of the Company;

"B Director" means any person appointed as a director of the Company who has been designated a director by the "B" Ordinary Shareholders pursuant to Article 97;

"B Ordinary Share" means a "B" Ordinary Share of US\$1 in the capital of the Company and "B" Ordinary Shareholder means a holder of such "B" Ordinary Shares;

**"CGL"** means Charman Group Limited, a company incorporated in England and Wales with company number 2028057, whose registered office is at 117 Fenchurch Street, London EC3M 5AL;

**"CGL Group"** means CGL and its subsidiary undertakings from time to time and "member of the CGL Group" shall be construed accordingly;

**"CGL Share"** means the ordinary shares of 10p each in the capital of CGL;

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

**"controller"** means

- (i) a person who either alone or with any connected person or persons is entitled to exercise, or to control the exercise of, 30 per cent or more of the voting power at any general meeting of the Company or of another body corporate which controls the Company; or
- (ii) a person in accordance with whose directions or instructions, either alone or with those of any connected person or persons, the directors of the Company are accustomed to act and for the purpose hereof "connected person" shall be construed in accordance with Lloyd's Membership Byelaw (No. 17 of 1993).

**"CUAL"** means Charman Underwriting Agencies Limited, a company incorporated in England and Wales (registered number 2287773), whose registered office is at 117 Fenchurch Street, London EC3M 5AL;

**"C Director"** means any person appointed as a director of the Company who has been designated a director by the "C" Ordinary Shareholders pursuant to Article 97;

**"C Ordinary Share"** means a "C" Ordinary Share of US\$1 in the capital of the Company and "C" Ordinary Shareholder means a holder of such "C" Ordinary Shares;

**"Deferred Shares"** means the deferred non-voting shares of US\$1 each in the capital of the Company;

**"executed"** means any mode of execution;

**"Employee Trust"** means the Charman Underwriting Agencies Limited Employee Share Ownership Trust established by Charman Underwriting Agencies Limited and any other employee share ownership trust established by the Company or any member of the Group or of the CGL Group subsisting from time to time for the benefit of any persons who are or were at any time in the employment of the Company or of any member of the Group or of the CGL Group and certain specified relations of such persons to enable the same to participate in the ownership of shares in the Company or CGL;

**"Exit Event"** means any of the following:

- (i) an IPO;
- (ii) the sale of more than 50 per cent of the Ordinary Shares then in issue in a single or series of related transactions to a third party or third parties who are not connected persons with any of the Ordinary Shareholders at the date of the proposed sale and for the purpose hereof "connected person" shall have the meaning given to that expression in section 839 Income and Corporation Taxes Act 1988; or
- (iii) 31 December 1999;

**"Group"** means the Company and its subsidiary undertakings from time to time and **"member of the Group"** is to be construed accordingly;

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

**"Institutional "A" Ordinary Shares"** is defined in Article 40(c);

**"IP Bermuda"** means Insurance Partners Offshore (Bermuda), L.P.;

**"IP Charman"** means Insurance Partners Charman (Bermuda), L.P.;

**"IPO"** means an initial public offering of Ordinary Shares (or of the shares of a holding company of the Company) or the initial listing of such shares or the initial establishment of a dealing facility in respect of them on a recognised stock exchange or regular market such as The Nasdaq National Market;

**"Independent Director"** means such individual appointed as a director of the Company to be agreed upon from time to time by all the other directors (subject always to Article 97(e)) and in default of agreement shall be decided upon a simple majority of votes of the directors (subject always to Article 97(e));

**"Listing"** means the admission of any of the Company's ordinary shares to the Official List of the London Stock Exchange;

**"Lloyd's"** means the Society and Corporation of Lloyd's of London incorporated by the Lloyd's Act 1871;

**"major shareholder"** means a person who, either alone or with any connected person or persons is entitled to exercise, or control the exercise of, 15 per cent or more of the voting power of the Company and for the purpose hereof "connected person" shall be construed in accordance with Lloyd's Membership Byelaw (No. 17 of 1993);

**"office"** means the registered office of the Company;

**"Ordinary Shares"** means all the "A" Ordinary Shares, "B" Ordinary Shares and "C" Ordinary Shares in issue at any one time;

**"Ordinary Shareholders"** means the holders of Ordinary Shares;

**"Phemus"** means Phemus Corporation;

**"Purchase Agreement"** means the agreement dated 30 November 1994 whereby the Company agrees to acquire shares in CGL on the terms set out therein;

**"Put"** means the right granted by the Company pursuant to Clause 5.3 of the Purchase Agreement;

**"registration rights"** means the rights attached to the Ordinary Shares as set out in schedule 6 of the Shareholders Agreement;

**"Rule 144"** means Rule 144 of the Securities Act;

**"seal"** means the common seal of the Company;

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

**"Securities Act"** means the Securities Act of 1933 of the United States of America as amended;

**"Shareholders Agreement"** means the agreement between the Company, the "A" Ordinary Shareholders set out therein, Insurance Partners Offshore (Bermuda), LP, Insurance Partners Charman (Bermuda), LP, Phemus, the shareholders of CGL and CGL relating to, *inter alia*, the subscription for shares in the capital of the Company;

**"United Kingdom"** means Great Britain and Northern Ireland.

- (a) Unless the context otherwise requires, words or expressions contained in the articles bear the same meaning as in the Act, but excluding any statutory modification of the Act not in force when these articles become binding on the Company.
  - (b) Where an ordinary resolution of the Company is expressed to be required for any purpose, a special or extraordinary resolution is also effective for that purpose, and where an extraordinary resolution is expressed to be required for any purpose, a special resolution is also effective for that purpose.
- 2 No regulations contained in any statute or subordinate legislation, including but not limited to the regulations contained in Table A in the schedule to the Companies (Table A to F) Regulations 1985 (as amended), apply as the regulations or articles of association of the Company.

### Share Capital

- 3 (a) The authorised share capital of the Company at the date of adoption of these articles is £50,000 and US\$7,607,297.62 divided into 50,000 Sterling Deferred Shares, 2,658,800 "A" Ordinary Shares of US\$1 each, 572,162 "A" Ordinary Shares of US\$0.01 each, 712,788 "B" Ordinary Shares and 4,229,988 "C" Ordinary Shares.
- (b) The provisions of section 125 of the Act shall apply to any variation of the rights attached to any class of shares in the Company.
- (c) Without prejudice to Article 3(b), any modification to these Articles that could materially adversely affect the holders of either "B" Ordinary Shares as a class and/or "C" Ordinary Shares as a class (whether or not such modification would constitute a variation of the rights attaching to the class of Shares affected) shall be effective only with the consent in writing of the holders of not less than 75 per cent of each such class of Shares so affected or by an extraordinary resolution passed at a separate class meeting of the holders of each such affected class.
- 4 (a) Subject to the provisions of the Act, the directors have general and unconditional authority to allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of any unissued shares (whether forming part of the original or any increased share capital) to such persons, at such times and on such terms and conditions as the directors may decide but no share may be issued at a discount.
- (b) The directors have general and unconditional authority, pursuant to section 80 of the Act, to exercise all powers of the Company to allot relevant securities for a period expiring on the fifth anniversary of the date of adoption of this article.
- (c) The maximum amount of relevant securities which may be allotted pursuant to the authority conferred by paragraph (b) is the amount of the authorised but unissued share capital of the Company at the date of adoption of this article.
- (d) By the authority conferred by paragraph (b), the directors may before the authority expires make an offer or agreement which would or might require relevant securities to be allotted after it expires and may allot relevant securities in pursuance of that offer or agreement.
- 5 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 will apply to an allotment of the Company's equity securities with the exception of:
- (a) any further "A" Ordinary Shares which are issued pursuant to the authority contained in Article 4(b) as consideration for the Company's acquisition of shares in CGL pursuant to the terms of the Purchase Agreement;

- (b) any further "A" Ordinary Shares which are issued pursuant to the authority contained in Article 4(b) to the "A" Ordinary Shareholders pursuant to Clause 5 of the Shareholders Agreement; and
- (c) any further "C" Ordinary Shares which are issued pursuant to the authority contained in Article 4(b) to the "C" Ordinary Shareholders pursuant to Clause 3.2 of the Shareholders Agreement and any other "B" Ordinary Shares and/or "C" Ordinary Shares which are issued to the holders of "B" Ordinary Shares and/or "C" Ordinary Shares for the purpose of financing the acquisition of CGL Shares by the Company as contemplated by Clause 3.3 of the Shareholders Agreement and whether pursuant to the authority contained in Article 4(b) or any other authority which is from time to time in effect.
6. For the purpose of Article 5, where relevant securities are to be offered on a pro rata basis, in calculating the pro rata entitlement of any "A" Ordinary Shareholders to be offered relevant securities, it shall be assumed that the number of "A" Ordinary Shares held by him at the relevant date is the number of shares then held by him plus the maximum number that may fail to be issued to him following the date as of which such determination of entitlement is made pursuant to Clause 5.5 of the Purchase Agreement (and no account shall be taken of "A" Ordinary Shares which may be issued pursuant to Clause 5 of the Shareholders Agreement).
7. Subject to the provisions of the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine.
8. Subject to the provisions of the Act, shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the Company or the holder on such terms and in such manner as may be provided by the articles.
9. The Company may exercise the powers of paying commissions conferred by the Act. Subject to the provisions of the Act, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly-paid shares or partly in one way and partly in the other.
10. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and (except as otherwise provided by the articles or by law) the Company shall not be bound by or recognise any interest in any share except an absolute right to the entirety of that share in the holder.

### **Share Certificates**

11. Every member, upon becoming the holder of any shares, shall be entitled without payment to one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the directors may determine. Every certificate shall be sealed with the seal and shall specify the number, class and distinguishing numbers (if any) of the shares to which

it relates and the amount or respective amounts paid up thereon. The Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate for a share to one joint holder shall be a sufficient delivery to all of them.

- 12 If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the Company in investigating evidence as the directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

### **Lien**

- 13 The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share. The directors may at any time declare any share to be wholly or in part exempt from the provisions of this article. The Company's lien on a share shall extend to any amount payable in respect of it.
- 14 The Company may sell in such manner as the directors determine any shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice has been given to the holder of the share or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.
- 15 To give effect to a sale the directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity or invalidity to the proceedings in reference to the sale.
- 16 The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

### **Calls on Shares and Forfeiture**

- 17 Subject to the terms of allotment, the directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of any sum due thereunder, be revoked in whole or in part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls

made upon him notwithstanding the subsequent transfer of the shares in respect which of the call was made.

- 18 A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.
- 19 The joint holders of a share shall be jointly and severally liable to pay all calls in respect of the share.
- 20 If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Act) but the directors may waive payment of the interest wholly or in part.
- 21 An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call, and if it is not paid when due all the provisions of the articles shall apply as if that amount had become due and payable by virtue of a call.
- 22 Subject to the terms of allotment, the directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.
- 23 If a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid, together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.
- 24 If the notice is not complied with any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.
- 25 Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the forfeiture the holder or to any other person and at any time before a sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the directors may authorise some person to execute an instrument of transfer of the share to that person.
- 26 A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to the Company for all moneys which at the date of forfeiture were presently payable by him to the Company in respect of those shares with interest at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the appropriate rate (as

defined in the Act) from the date of forfeiture until payment but the directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

- 27 A statutory declaration by a director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

### **Transfer of Ordinary Shares**

- 28 The instrument of transfer of a share may be in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.
- 29 Without prejudice to the restrictions on transfer in Articles 34 to 46 inclusive the directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share to any person, which is not a fully-paid share or which is a share on which the Company has a lien.
- 30 If the directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.
- 31 The registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding 30 days in any year) as the directors may determine.
- 32 No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.
- 33 The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

### **Provisions applying on every transfer of Ordinary Shares**

- 34 An Ordinary Shareholder is not entitled to transfer any Ordinary Shares or any interest therein unless the transfer is permitted by Article 36 or 38 or has been made in accordance with Article 37, 39, 41, 42 or 43 or is required by Clause 8 of the Purchase Agreement.

- 35 (a) The directors may not register a transfer of Ordinary Shares unless:
- (i) such transfer is permitted by Article 36 or 38 or has been made in accordance with Articles 37, 39, 41, 42 or 43 or is required by Clause 8 of the Purchase Agreement; and
  - (ii) the proposed transferee has entered into an agreement to be bound by the Shareholders Agreement in the form required by that agreement.
- (b) For the avoidance of doubt, the provisions of Article 38 and 39(a) to (e) apply to the Institutional "A" Ordinary Shares and the provision of Articles 36 and 37 do not apply to those shares and in each of those Articles and in Article 39(f) all references to "B" and "C Ordinary Shares shall be deemed to include a reference to "Institutional "A" Ordinary Shares and all references to "A" Ordinary Shares shall be deemed to exclude any Institutional "A" Ordinary Shares.

#### **Transfer Restrictions for "A" Ordinary Shareholders**

36 No "A" Ordinary Share may be transferred other than:

- (a) to the spouse and/or lineal descendants (including stepchildren or grandchildren) of the "A" Ordinary Shareholder and/or to the trustees of a trust of which the beneficiaries include the "A" Ordinary Shareholder who established the trust and who is transferring the relevant shares and/or his spouse and/or his lineal descendants (including stepchildren or grandchildren) and/or to the trustees of a trust whose terms confer a power on the trustees that may be exercised for the benefit of the "A" Ordinary Shareholder who established the trust and who is transferring the relevant shares and/or his spouse and/or his lineal descendants (including stepchildren or grandchildren); and the trustees of such a trust may not transfer shares under this Article 36(a) other than to persons to whom the "A" Ordinary Shareholder establishing the trust might transfer the shares under this Article 36(a) or to replacement trustees of the same trust; or
- (b) when required by Article 37 or by and in accordance with Clause 8 of the Purchase Agreement; or
- (c) in accordance with the provisions set out in Articles 41, 42 and 43; or
- (d)
  - (i) on or after an IPO, to any other "A" Ordinary Shareholders who held "A" Ordinary Shares at the date of the IPO; and
  - (ii) pursuant to the exercise of registration rights or Rule 144 at least six months after an IPO in the United States of America or on or after a Listing but in any such case provided that the aggregate number of "A" Ordinary Shares transferred under this paragraph (ii) at any time must not exceed:
    - 0.15 per cent of the aggregate number of "A" Ordinary Shares held by "A" Ordinary Shareholders on the date of the IPO for every

transfer in aggregate of 0.5 per cent of the total investment (as defined below) of the "B" Ordinary Shareholders and "C" Ordinary Shareholders until the "B" Ordinary Shareholders and "C" Ordinary Shareholders have transferred fifty per cent (50%) of their total investment;

- where the "B" Ordinary Shareholders and "C" Ordinary Shareholders have transferred an amount greater than fifty per cent (50%) but not exceeding ninety five per cent (95%) of their total investment, 0.25 per cent of the aggregate number of their "A" Ordinary Shares held at the date of the IPO for every transfer in aggregate of 0.5 per cent of the total investment of the "B" and "C" Ordinary Shareholders;
- where the "B" Ordinary Shareholders and "C" Ordinary Shareholders have transferred in excess of ninety five per cent (95%) of their total investment, then there shall be no limit in the number of "A" Ordinary Shares which may be transferred under this Article;

(iii) for the purposes of Article 36(d)(ii) "total investment" means the total number of "B" Ordinary Shares and "C" Ordinary Shares held by the "B" Ordinary Shareholders and "C" Ordinary Shareholders respectively at the date of the IPO (including for this purpose any Ordinary Shares allotted to them in connection with or in contemplation of the IPO);

(iv) the rights of the "A" Ordinary Shareholders to transfer shares pursuant to paragraph (d)(ii) above shall be apportioned between the "A" Ordinary Shareholders pro rata to the number of "A" Ordinary Shares held by each "A" Ordinary Shareholder immediately prior to the IPO PROVIDED THAT if any "A" Ordinary Shareholder elects not to exercise his right in full (a "Retaining Shareholder") such other "A" Ordinary Shareholders as may be nominated by the Shareholders' Representative (as such term is defined in the Purchase Agreement) shall be entitled to transfer such number of shares pursuant to paragraph (d)(ii) of this Article as the Retaining Shareholder would have been entitled to transfer hereunder and has elected not to transfer.

- (e) after 31 December 1999, but subject to the provisions of Article 39(f);
- (f) with the prior written consent of the holders of 95 per cent of the Ordinary Shares.

### **Compulsory Transfer**

- 37 (a) Subject in any instance to the discretion of the directors to resolve to the contrary (or to resolve that this Article 37 shall only apply to a proportion of the shares held by a Compulsory Seller), this Article 37 applies where:

- (i) an employee, director or consultant of the Group or of the CGL Group is or was an "A" Ordinary Shareholder and/or has established a trust or is a beneficiary (or whose family members are beneficiaries) under a trust which holds "A" Ordinary Shares or in favour of whom (or whose family members) the trustees of a trust which holds "A" Ordinary Shares have power to exercise a benefit and ceases for any reason to be an employee, consultant or director of any member of the Group or of the CGL Group (other than Charman Trustees Limited); or
  - (ii) an "A" Ordinary Shareholder becomes bankrupt, or a receiver is appointed having the power of sale over the property of such "A" Ordinary Shareholder, (or, being a corporate member, goes into liquidation or suffers the appointment of an administrator or an administrative receiver); or
  - (iii) there is a change of control of an "A" Ordinary Shareholder who is a corporate member (the expression "control" will be construed in accordance with the provisions of section 840 Income and Corporation Taxes Act 1988 or any statutory modification or re-enactment thereof).
- (b) In the circumstances described at 37(a) above, such past or present "A" Ordinary Shareholder of the Company if still an "A" Ordinary Shareholder, each trustee of any trust referred to in 37(a)(i), all "A" Ordinary Shareholders who have acquired "A" Ordinary Shares in the Company from such past or present "A" Ordinary Shareholder directly or indirectly pursuant to a transfer or transfers of such "A" Ordinary Shares under Article 36(a) and such trustee in bankruptcy, liquidator, receiver, administrative receiver or administrator shall be deemed to have given written notice (hereinafter referred to as a "Transfer Notice") of his intention to transfer all (or, at the directors' discretion, a proportion only) of the "A" Ordinary Shares in the Company held by him (hereinafter such person described as the "Compulsory Seller") on the day on which the events set out at Article 37(a)(i), (ii) or (iii) have taken place (on or such later day as the directors may in their discretion determine).
- (c) A Transfer Notice will constitute the Company as the Compulsory Seller's agent and attorney for the sale of the shares specified in the Transfer Notice (the "Sale Shares") at a price (the "Sale Price") as may be agreed between the Compulsory Seller and the directors or, in the absence of any agreement, at the price which the auditors of the Company for the time being (acting as experts and not as arbitrators) will determine to be in their opinion the fair value of the shares as at the date on which the Transfer Notice is deemed given as set out at Article 37(b) above as between a willing seller and a willing buyer contracting on arm's length terms. The fair value so determined will constitute the Sale Price.
- (d) If the auditors are asked to determine the Sale Price they will use all reasonable endeavours to determine the Sale Price within 30 days of their appointment. The Company will, as soon as it receives the auditors' written

determination, notify the Compulsory Seller and supply him with a copy of the written determination. The auditors' determination will be binding upon all parties. The cost of obtaining the written determination will be borne by the Compulsory Seller. In the absence of fraud the auditors will be under no liability to any person by reason of their determination or for anything done or omitted to be done by them for the purpose thereof or in connection therewith.

- (e) A Transfer Notice given or deemed given under this Article 37 will be revocable only with the prior consent of the directors, who may impose such conditions for any consent as they think fit, including a condition that the Compulsory Seller bears all costs arising from the giving of such Transfer Notice and the revocation thereof.
- (f)
  - (i) Upon the Sale Price being agreed or determined as stated above, the Company may by notice in writing offer in the first instance the Sale Shares at the Sale Price to any one or more directors or employees of the Company or any of its subsidiaries as may be nominated for this purpose by the board of directors in such proportions as the directors think fit, giving details of the number of such Sale Shares and the Sale Price. Any such offer shall be open for a period of 28 days, or such lesser period as the directors think fit, from the date of the notice (the "First Acceptance Period").
  - (ii) If any such offer is not accepted within the First Acceptance Period or accepted only in respect of part of the Sale Shares, or if no such offer is made, the directors will immediately by notice in writing offer the Sale Shares at the Sale Price to the Employee Trust giving details of the number of Sale Shares remaining and the Sale Price. Such offer shall be open for a period of 28 days from the date of the notice (the "Second Acceptance Period").
  - (iii) If the Employee Trust declines to accept any such offer within the Second Acceptance period or accepts only in respect of part of the Sale Shares, the directors shall immediately give a further notice in writing to each of the other "A" Ordinary Shareholders of the Company (not being either the Compulsory Seller, a person who has accepted under paragraph (i) above or the Employee Trust) informing them of the number of Sale Shares remaining and the Sale Price and inviting each of them to state in writing within 28 days from the date of such further notice (the "Third Acceptance Period") whether the member is willing to purchase any, and if so what maximum number, of the Sale Shares remaining.
  - (iv) If any "A" Ordinary Shareholders within the Third Acceptance Period apply for all or any of the remaining Sale Shares, the Company shall allocate such of the Sale Shares as are applied for to and amongst the applicants (and in case of competition, in proportion to their then existing holding of shares (as nearly as may be without involving

fractions or increasing the number allocated to any applicant beyond that applied for by such applicant)).

- (v) If the "A" Ordinary Shareholders decline to accept any such offer or accept only in respect of part of the Sale Shares, the directors shall immediately give a further notice in writing to each of the "B" Ordinary Shareholders and "C" Ordinary Shareholders of the Company informing them of the number of Sale Shares remaining and the Sale Price and inviting each of them to state in writing within 28 days from the date of such further notice (the **"Fourth Acceptance Period"**) whether the member is willing to purchase any, and if so what maximum number, of the Sale Shares remaining.
  - (vi) If any "B" Ordinary Shareholders and "C" Ordinary Shareholders within the Fourth Acceptance period apply for all or any of the Sale Shares, the Company shall allocate such of the Sale Shares as are applied for to and amongst the applicants (and in case of competition, in proportion to their then existing holding of shares (as nearly as may be without involving fractions or increasing the number allocated to any applicant beyond that applied for by such applicant)).
- (g) If within the First Acceptance Period, the Second Acceptance Period, the Third Acceptance Period or the Fourth Acceptance Period (if any) all or any of the other Ordinary Shareholders accept the offer of all or any of the Sale Shares (the **"Transferees"**) the directors will forthwith after the expiration of the First Acceptance Period or, (if there is a Second Acceptance Period), after the expiration of the Second Acceptance Period or, (if there is a Third Acceptance Period), after the expiration of the Third Acceptance Period or (if there is a Fourth Acceptance Period), after the expiration of the Fourth Acceptance Period give notice in writing (the **"Acceptance Notice"**) of such acceptance to the Compulsory Seller and the Transferees and will specify in the Acceptance Notice the place and time (being not earlier than 7 and not later than 21 days after the date of the Acceptance Notice) at which the sale of the Sale Shares (or such of the Sale Shares as are applied for) will be completed. In the event that Transferees are not found for all the Sale Shares in accordance with the foregoing, the directors may nominate any other persons to acquire the remaining Sale Shares at no less than the Sale Price.
- (h) The Compulsory Seller will be bound to transfer the Sale Shares to the Transferees at the time and place specified in the Acceptance Notice and payment of the Sale Price for the Sale Shares (or such of the Sale Shares as are applied for) will be made by the Transferees to the Company as agent for the Compulsory Seller. If the Compulsory Seller fails to transfer the Sale Shares (or such of the Sale Shares as are applied for) the chairman of the Company or failing him the Company Secretary will be deemed to have been appointed attorney for the Compulsory Seller with full power to execute, complete and deliver, in the name of and on behalf of the Compulsory Seller, a transfer of the Sale Shares (or such of the Sale Shares

as are applied for) to the Transferees against payment of the Sale Price. On payment to the Company of the Sale Price and of the relevant stamp duty payable in respect of the transfer to the Company the Transferees will be deemed to have obtained a good discharge for such payment and on execution and delivery of the transfer(s) the Transferees will be entitled to insist upon their respective names being entered in the register of members as the holders by transfer of, and to be issued with share certificates in respect of, the Sale Shares (or such of the Sale Shares as are applied for). After the names of the Transferees have been entered in the register of members in exercise of the above-mentioned powers the validity of the proceedings will not be questioned by any person.

- (i) The Company will be trustee for any moneys received as payment of the Sale Price from the Transferees and will promptly pay them to the Compulsory Seller (subject to applying the same on his behalf in settling any fees or expenses falling to be borne by the Compulsory Seller) together with any balance certificate to which he may be entitled.

#### **Transfer Restrictions for "B" and "C" Ordinary Shareholders**

38 No "B" or "C" Ordinary Share may be transferred other than:

- (a) In the case of a "B" Ordinary Shareholder or "C" Ordinary Shareholder which is a body corporate, to a member of the same group (meaning a subsidiary or holding company of the body corporate or a subsidiary of a holding company of the body corporate) if the transferee gives an undertaking to the Company that if the transferee ceases to be a member of the same group, all its shares in the Company will, before the cessation, be transferred to another member of the same group;
- (b) In the case of a "B" Ordinary Shareholder or "C" Ordinary Shareholder which is, or holds shares as nominee or trustee for, a partnership or unit trust:
  - (i) to another nominee or trustee for the partnership or unit trust;
  - (ii) on a distribution in kind to the partners of the partnership or their nominees or the holders of units in the unit trust or their nominees; or
  - (iii) to a partnership, unit trust or investment trust, or to a nominee or trustee for a partnership, unit trust or investment trust, in either case which is primarily a vehicle for institutional investors and which is advised or managed by the adviser or manager of the transferor partnership or unit trust;
- (c) to a "Co-Investment Scheme", being a scheme under which certain officers employees or partners of an Investor (as defined in the Shareholders Agreement) or of its adviser or manager (as individuals or through a body corporate or any other vehicle) acquire shares in any entity in which the Investor has made an investment;

- (d) in the case of a Co-Investment Scheme which holds "B" Ordinary Shares or "C" Ordinary Shares through a body corporate or another vehicle, to:
  - (i) another body corporate or another vehicle which holds or is to hold shares for the Co-Investment Scheme; or
  - (ii) the officers, employees or partners entitled to the "B" Ordinary Shares or the "C" Ordinary Shares under the Co-Investment Scheme;
- (e) in the case of a "B" Ordinary Shareholder or "C" Ordinary Shareholder who is an individual, to the spouse and/or lineal descendants (including stepchildren or grandchildren) of the "B" or "C" Ordinary Shareholder and/or to the trustees of a trust of which the beneficiaries include the "B" or "C" Ordinary Shareholder who established the trust and who is transferring the relevant shares and/or his spouse and/or his lineal descendants (including stepchildren or grandchildren) and/or to the trustees of a trust whose terms confer a power on the trustees that may be exercised for the benefit of the "B" or "C" Ordinary Shareholder who established the trust and who is transferring the relevant shares and/or his spouse and/or his lineal descendants (including stepchildren or grandchildren); and the trustees of such a trust may not transfer shares under this Article 38(e) other than to persons to whom the "B" or "C" Ordinary Shareholder establishing the trust might transfer the shares under this Article 38(e) or to replacement trustees of the same trust and/or to his personal representatives upon the death of such "B" Ordinary Shareholder or "C" Ordinary Shareholder;
- (f) in accordance with the provisions of Articles 41, 42 or 43 inclusive;
- (g) on or after a Listing or following an IPO in the United States;
- (h) otherwise than in accordance with any of Articles 38(a) to (g), (i) or (j) but in any such case subject to and in accordance with Article 39;
- (i) after 31 December 1999; or
- (j) with the prior written consent of the holders of 95 per cent of the Ordinary Shares.

### **Pre-emption Rights**

- 39** The following pre-emption procedures shall apply to the transfer of "A" Ordinary Shares pursuant to Article 36(e) and to "B" and "C" Ordinary Shares pursuant to Article 38(h):
- (a) If any "B" Ordinary Shareholder or "C" Ordinary Shareholder (the "**Selling Shareholder**") wishes to transfer its shares pursuant to paragraph (h) of Article 38, it shall be required to serve notice on the Company ("**Sale Notice**") stating the number of shares it wishes to transfer ("**Sale Shares**") and its asking price for each share ("**Asking Price**").

- (b) The Sale Notice shall make the Company the agent of the Selling Shareholder for the sale of the Sale Shares on the terms set out in (c) below, which the Company shall notify to the Ordinary Shareholders (with the exception of the Selling Shareholder) within seven days of receiving the Sale Notice (the date of despatch of such notification being hereinafter referred to as the "Despatch Date");
- (c) The terms are as follows:
- (i) the price for each Sale Share is the Asking Price;
  - (ii) the Sale Shares are to be sold free from all liens, charges and encumbrances together with all rights attaching to them;
  - (iii) any "B" Ordinary Shareholder and any "C" Ordinary Shareholder excluding the Selling Shareholder shall have the right to offer to acquire the Sale Shares (in such proportions which as nearly as possible, are pro rata to their existing holdings of "B" and/or "C" Ordinary Shares) by notice received by the Company within 30 days of the Despatch Date provided that any "B" or "C" Ordinary Shareholder may indicate the maximum number of Sale Shares he would be willing to buy over and above his pro rata entitlement and if any "B" Ordinary Shareholder or "C" Ordinary Shareholder does not offer to acquire his whole or any part of his pro rata entitlement the shareholders who offered to acquire additional shares shall be entitled to acquire the remaining shares and, in the case of competition, such remaining shares to be allocated pro rata to those shareholders in accordance with their existing shareholdings;
  - (iv) if offers to acquire all the Sale Shares have not been made by the "B" Ordinary Shareholders and/or "C" Ordinary Shareholders, then the "A" Ordinary Shareholders shall have the right to offer to acquire those Sale Shares which are so far untaken in the proportions which, as nearly as possible, are pro rata to their existing holdings of "A" Ordinary Shares, by notice received by the Company within 30 days of the Despatch Date;
  - (v) 30 days after the Despatch Date (hereinafter referred to as the "Closing Date"):
    - (aa) any Ordinary Shareholders who have not responded to the offer in writing shall be deemed to have declined it; and
    - (bb) each offer made by a Shareholder to acquire Sale Shares shall become irrevocable;
  - (vi) if offers to acquire all the Sale Shares are received pursuant to paragraphs (iii) and/or (iv) above, then the Selling Shareholder shall have the option to:
    - (aa) cancel the Sale; or

- (bb) proceed with the sale of all the Sale Shares as set forth below to the Ordinary Shareholders which have offered to acquire such Sale Shares.
- (vii) If offers to acquire fewer than all the Sale Shares are received, then the Selling Shareholder shall have the option to:
  - (aa) cancel the sale; or
  - (bb) proceed with the sale of such Sale Shares as have been agreed to be purchased; or
  - (cc) proceed with a sale of all of the Sale Shares to a third party or parties in accordance with paragraph (e).
- (viii) The Selling Shareholder shall exercise its option in Clause (vi) or (vii) by notice received by the Company within three days after the Closing Date. If no notice is received by such date, the Selling Shareholder shall be deemed to have elected to cancel the sale.
- (d) If the Selling Shareholder has elected to proceed with a sale of such Sale Shares as have been offered to the Ordinary Shareholders under such offer, within seven days after the Closing Date, the Company shall notify the Selling Shareholder and such Ordinary Shareholders who have offered to buy Sale Shares (hereinafter referred to as the "Buying Shareholder(s)") of the result of the offer and if any Sale Shares are to be sold pursuant to the offer:
  - (i) the Company shall notify the Selling Shareholder of the names and addresses of the Buying Shareholder(s) who are to buy Sale Shares and the number to be bought by each;
  - (ii) the Company shall notify each Buying Shareholder(s) of the number of Sale Shares he is to buy; and
  - (iii) the Company's notices shall state a place and time, between seven and 14 days later, on which the sale and purchase of the Sale Shares is to be completed; and
  - (iv) if the Selling Shareholder subsequently does not transfer Sale Shares in accordance with the provisions of this Article 39, the directors may authorise any director to transfer the Sale Shares on the Selling Shareholder's behalf to the Buying Shareholder(s) concerned against receipt by the Company of the Asking Price per share. The Company shall hold the Asking Price in trust for the Selling Shareholder without any obligation to pay interest. The Company's receipt of the Asking Price shall be a good discharge to the Buying Shareholder(s). The directors shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Selling Shareholder shall surrender his share certificate for the Sale Shares to

the Company. On surrender, he shall be entitled to the Asking Price for the Sale Shares.

- (e) If, by the Closing Date, the Company has not received offers for all the Sale Shares, the Selling Shareholder may within 90 days of the Closing Date transfer all the Sale Shares (or, in the event that the Selling Shareholder has elected to proceed under paragraph (bb) of Article 39(c)(vii), those Sale Shares for which offers were not received) to any person at no less than 90% of the Asking Price per share with any other terms being no more favourable overall to the purchaser than those in the Sale Notice.
- (f) If an "A" Ordinary Shareholder wishes to transfer his shares pursuant to Article 36(e), the same provisions of paragraphs (a) to (e) of this Article 39 shall apply save that:
  - (i) any reference to "Selling Shareholder" shall refer to that "A" Ordinary Shareholder; and
  - (ii) the "A" Ordinary Shareholders (with the exception of the Selling Shareholder) shall have first right to accept such shares set out in the Sale Notice pro rata as nearly as possible to their existing holdings of "A" Ordinary Shares after which any shares which are still untaken may be accepted by the "B" Ordinary Shareholders and "C" Ordinary Shareholders in such proportions which, as nearly as possible, are pro rata to their respective existing holdings of "B" Ordinary Shares and "C" Ordinary Shares respectively.

#### **Conversion of Ordinary Shares**

- 40 (a) If an "A" Ordinary Share is transferred to a "B" Ordinary Shareholder or to a "C" Ordinary Shareholder that share shall continue to be an "A" Ordinary Share but for so long as it is held by a "B" Ordinary Shareholder or a "C" Ordinary Shareholder the transfer restrictions set out in Articles 36 and 37 shall not apply and instead the provisions of Articles 38 and 39 shall apply to any transfer of any such "A" Ordinary Shares as if they were, for these purposes only, "B" or "C" Ordinary Shares.
- (b) Subject to paragraph (a) above, where "A" Ordinary Shares are to be sold together with "B" Ordinary Shares and "C" Ordinary Shares pursuant to the Tag Along Rights and Drag Along Rights of Article 41, 42 or 43, then such "A" Ordinary Shares shall continue to be "A" Ordinary Shares but (for so long as they are held by the transferee or any other person who holds "B" or "C" Ordinary Shares") the transfer restrictions set out in Articles 36 and 37 shall not apply and instead the provisions of Articles 38 and 39 shall apply to any transfer of any such "A" Ordinary Shares as if they were, for these purposes only, "B" or "C" Ordinary Shares.
- (c) Any "A" Ordinary Share which a holder of "B" Ordinary Shares or "C" Ordinary Shares as envisaged by Article 40(a) or a third party as envisaged by Article 40(b) and to which the transfer provisions of these Articles apply

as if it were a "B" or "C" Ordinary Share as provided in Article 40(a) and (b) is referred to in these Articles as an "Institutional "A" Ordinary Share" provided that save for Articles 36, 37, 38 and 39 all other references in these Articles to "A" Ordinary Shares shall be deemed to include a reference to the "Institutional "A" Ordinary Shares" save where specifically provided to the contrary.

### **Tag Along Rights**

- 41 (a)** If, at any time, any one or more Ordinary Shareholder proposes or together propose to sell or otherwise transfer for value a number of Ordinary Shares representing 50% or more of the aggregate number of Ordinary Shares in issue in one or a series of related transactions, other than a sale (i) in accordance with Article 36(a), (b) or (f) or any of Articles 38(a) to (e) inclusive or Article 38(j), (ii) pursuant to an effective registration statement under the Securities Act relating to an underwritten public offering of such Shares or (iii) to a person who has also offered to purchase the remaining Ordinary Shares on the same terms offered to such Ordinary Shareholder(s), such Ordinary Shareholder(s) may only sell such Ordinary Shares, subject to and in compliance with this Article 41.
- (b)** The Ordinary Shareholder(s) proposing to sell Ordinary Shares (the "Majority Shareholder") shall notify the other Ordinary Shareholders in writing of such intended sale at least 28 days prior to the date thereof, which notice (in this Article and in Article 42 the "Majority Shareholder's Notice") shall set forth, to the extent not set forth in any accompanying documents, all of the material terms of the intended sale, including but not limited to the name and address of the prospective transferee (the "Prospective Transferee"), all information reasonably available to the Majority Shareholder regarding the Prospective Transferee that the other Ordinary Shareholders would reasonably need to make a decision under this Article 41, the purchase price and other terms and conditions of payment, the date on or about which such sale is to be made (the "Prospective Sale Date") and the number of Ordinary Shares to be purchased by the Prospective Transferee from the Majority Shareholder(s) (the "Prospective Sale Shares").
- (c)** Within 21 days of receipt of a Majority Shareholder's Notice, each other Ordinary Shareholder may notify the Majority Shareholder(s) that such other Ordinary Shareholder desires to sell shares to the Prospective Transferee on the same terms and conditions as set forth in the Majority Shareholder's Notice. Upon giving such notice to the Majority Shareholder, such other Shareholder shall be entitled to sell to the Prospective Transferee, on the same terms and conditions as set forth in the Majority Shareholder's Notice, up to that number of his shares (the "Tag-Along Shares") equal to the product of (i) the total number of Ordinary Shares agreed to be purchased by the Prospective Transferee and (ii) a fraction of which the numerator shall be the number of Ordinary Shares then owned by such other Ordinary

Shareholder and the denominator shall be the total number of Ordinary Shares then owned by all Ordinary Shareholders. Such other Ordinary Shareholder shall not be deemed to have entered into a legally binding agreement to sell any Tag Along Shares unless and until such other Ordinary Shareholder shall have entered into a definitive share purchase agreement in respect of such Shares with the Prospective Transferee, on terms identical to those entered into by the Majority Shareholder(s). If such other Ordinary Shareholder is not afforded the right to participate in the transaction contemplated by the Majority Shareholder's Notice in accordance with the terms and conditions hereof, the Majority Shareholder(s) may not consummate such transaction and the directors may not register the transfer of shares by the Majority Shareholder(s).

### **Drag Along Rights**

- 42 If any one or more Ordinary Shareholder (the "**Majority Shareholder(s)**") agrees or together agree to sell or otherwise transfer for value a number of Ordinary Shares representing 50% or more of the aggregate number of the Ordinary Shares in issue in one or a series of related bona fide arm's-length transactions with any person or persons who are not connected with (as such term is defined in section 839 Income and Corporation Taxes Act 1988) such Ordinary Shareholder or Ordinary Shareholders (the "**Prospective Transferee(s)**"), then, upon the demand of such Majority Shareholder(s) (which demand shall contain all of the information equivalent to that required to be set forth in a Majority Shareholder Notice and be given not less than 28 days prior to the proposed sale date), each other Ordinary Shareholder (the "**Compulsory Vendor**") shall sell or transfer up to the number of his Shares (the "**Drag-Along Shares**") being that proportion of the Shares then held by him which is equal to the proportion which the number of shares agreed to be sold to the Prospective Transferee(s) by the Majority Shareholder(s) bears to the number of Ordinary Shares then in issue on the same terms and conditions as those on which the Majority Shareholder(s) has or have agreed to sell or transfer its or their Ordinary Shares save that the price at which the Drag-Along Shares shall be transferred shall be the average price per Share received or receivable by the Majority Shareholder(s) from the Prospective Transferee(s) taking account in calculating such average the price at which the Majority Shareholder(s) has or have agreed to transfer its or their Ordinary Shares and the price at which any Majority Shareholder has transferred any Shares to any Prospective Transferee as part of the relevant series of related transactions over the preceding 12 months.
- 43 If the Compulsory Vendor fails to transfer his Drag-Along Shares pursuant to Article 42 then the chairman of the Company or failing him the Company Secretary will be deemed to have been appointed attorney for the Compulsory Vendor with full power to execute, complete and deliver, in the name of and on behalf of the Compulsory Vendor, a transfer of the Drag-Along Shares to the Prospective Transferee against the payment as set out in the demand. On payment to the Company of the consideration and of the relevant stamp duty payable in respect of the transfer the Prospective Transferee will be deemed to have obtained a good discharge for such payment and on execution and delivery of the transfer(s) the Prospective Transferee

will be entitled to insist upon his name being entered in the register of members as the holder by transfer of, and to be issued with a share certificate in respect of, the Drag-Along Shares. After the name of the Prospective Transferee has been entered in the register of members in exercise of the above-mentioned powers the validity of the proceedings will not be questioned by any person. The Company will be trustee for any moneys received as payment from the Prospective Transferee and will promptly pay them to the Compulsory Vendor (subject to applying the same on his behalf in settling any fees or expenses falling to be borne by the Compulsory Vendor) together with any balance certificate to which he may be entitled.

- 44 The provisions of Article 41, 42 and 43 shall cease to apply after an IPO.

#### **Additional Transfer Restrictions**

- 45 Notwithstanding any provision of these Articles to the contrary, no transfer may be effected and the Company will not register a transfer of shares:

- (i) save in the case of a transfer pursuant to an effective registration statement under the Securities Act, unless such transfer may be made without registration under the Securities Act of the Shares proposed to be transferred or any other shares in the capital of the Company; or
- (ii) which would cause any direct or indirect shareholder of the Company (other than the proposed transferee) including any direct or indirect owner of any equity interest in a shareholder of the Company to be treated as a "U.S. Shareholder" of the Company within the meaning of the Section 951(b) of the US Internal Revenue Code of 1986, as amended, unless the shareholder or owner which will become so treated shall have consented thereto in writing.

#### **Major Shareholders and Controllers**

- 46 (a) If any person shall be or become a major shareholder and/or a controller then such person shall:
- (i) comply with all applicable requirements specified in the Lloyd's rules, whether in relation to the provision of information or otherwise; and
  - (ii) within 14 days of any written notice, supply to the Customer such information as is requested in such notice for the purpose (whether directly or indirectly) of ascertaining all the interest of the major shareholder and/or controller in the Company.
- (b) If the Council of Lloyd's shall notify the Company, or any of its subsidiaries being a corporate member of Lloyd's, to the effect that, by virtue of such major shareholder's or controller's (as the case may be) interest in shares in the Company, one or more of such subsidiaries of the Company may not be or shall not be fit and proper to be or to remain a corporate member of Lloyd's then the following provisions of this Article 46 shall apply.

- (c) If any such notification as is referred to in Article 46(b) shall be made, then the Company is hereby empowered, upon giving the major shareholder or controller (as the case may be) 14 days' notice of its intention to do so, as agent for the major shareholder or controller (as the case may be) to sell such number of shares so that forthwith after such sale, such person shall not be a major shareholder or controller (as the case may be) (the "excess shares").
- (d) For the purpose of any sale made pursuant to the power in Article 46(c), the directors shall authorise any director to be the attorney of the major shareholder or controller (as the case may be) in order to execute the necessary instrument of transfer of the excess shares, to deliver it unconditionally on his behalf against receipt in full by the Company of the purchase money and to do all other acts, matters and things to complete the sale of the excess shares so that all the right, title and interest thereto shall cease to be vested in the major shareholder or controller (as the case may be). The Company shall upon completion of such sale, and subject to such instrument being duly stamped, cause the transferee to be registered as the holder of such excess shares and shall hold such purchase money on behalf of (but not as trustee for) the major shareholder or controller (as the case may be). The Company shall not be bound to earn or pay interest on any money so held. The receipt by the Company of such purchase money shall be a good discharge to the transferee who shall not be bound to see to the application thereof, and after the name of the transferee has been entered in the register of members in exercise of the aforesaid power, the validity of any action pursuant to this Article 46 shall not be questioned by any person.
- (e) In pursuance of its power to sell any excess shares, the Company shall not be obliged to sell at any time or to delay or bring forward the time of the proposed sale for any reason, or generally to act as trustee for the major shareholder or controller (as the case may be). It shall, however, be obliged to obtain the best price reasonably obtainable for the excess shares and shall first offer such shares to existing shareholders of the company (other than the major shareholder and/or controller concerned) as if it were a transfer made pursuant to Article 39 mutatis mutandis. Any such sale may be in one or more tranches in the absolute discretion of the Company.
- (f) If the sale of any or all of the excess shares shall not be practicable at any time as determined in the absolute discretion of the Company, then the Company shall give written notification thereof to the major shareholder or controller (as the case may be). With effect from the date of such notification, and as stated therein, the major shareholder or controller (as the case may be) shall not be entitled to exercise either personally or by proxy any of the votes attached to (i) the excess shares referred to in such notice and (ii) such additional number of shares held by it as shall be required to ensure that the voting power of the Company which such shareholder is entitled to exercise is less than 15 per cent or 30 per cent (as the case may be) or to exercise any rights conferred thereby in relation to

meetings of the Company or of the holders of any class of shares of the Company.

- (g) Any disenfranchisement pursuant to Article 46(f) shall have effect for so long as the major shareholder or controller retains any interest in any of the excess shares or until such time as the major shareholder or controller becomes acceptable to Lloyd's.
- (h) The directors shall not knowingly register any transfer of shares if the effect of such transfer would be that the proposed transferee named therein would become a major shareholder or controller unless the Council of Lloyd's has given written notice to the Company, or any such notice has been delivered to the Company, to the effect that registration of such transfer would not result in the Council of Lloyd's being minded to find any subsidiary of the Company which is then a corporate member at Lloyd's not fit and proper to be or remain a corporate member and such notice shall not have been withdrawn.
- (i) For the avoidance of doubt the Company shall exercise the power in Article 46(c) above, in the circumstances described therein and in no other circumstances.

#### **Conversion of "A" Ordinary Shares to Deferred Shares**

- 47 In certain circumstances as set out below the "A" Ordinary Shares other than any Institutional "A" Ordinary Shares shall automatically stand converted into Deferred Shares:

- (a) Where on the occurrence of an Exit Event the annual internal rate of return on the "B" Ordinary Shares and "C" Ordinary Shares issued on the date of adoption of these Articles or at any other time for the purposes of financing an acquisition by the Company of CGL Shares (the "**Relevant "B" and "C" Ordinary Shares**") then in issue does not equal or exceed 6% then the number of "A" Ordinary Shares to be converted into Deferred Shares shall be 17.01 per cent. of the total number of "A" Ordinary Shares other than Institutional "A" Ordinary Shares and, for the avoidance of doubt, the "A" Ordinary Shares to be converted will not include any Institutional "A" Ordinary Shares.

The annual internal rate of return ("IRR") shall be calculated as follows:

- (i) in respect of each successive period of one calendar month (a "**Period**") beginning with 30 November 1994 (the "**Commencement Date**") (but with a final period which may be shorter than one calendar month ending on the date on which the Exit Event occurs (the "**Relevant Date**")) there shall be ascertained:
  - (aa) the total amount of cash paid to the Company during that Period for or in respect of the Relevant "B" and "C" Ordinary Shares; and

(bb) the total amount of all cash paid by the Company in respect of the Relevant "B" and "C" Ordinary Shares during that Period (including any repayments or purchases of share capital and any distributions on such shares).

The figure which results from deducting (aa) from (bb) above in respect of any Period is referred to below as the "cash flow for that Period" and it is assumed for the purposes of this Article that the cash flow for any Period arises at the start of that Period.

Provided that for the purpose of this Article, in calculating the cash flow for the Period which ends on the Relevant Date, the Relevant "B" and "C" Ordinary Shareholders shall be deemed to have received in cash during that Period, and accordingly there shall be included in the figure to be ascertained under (bb) above the Exit Value (as defined below) of the Relevant "B" and "C" Ordinary Shares.

(ii) The IRR is "R"

where "R" is the percentage divided by 100 such that

$$1 + R = (1 + r)^{12}$$

where "r" is the percentage divided by 100 such that the sum of the amounts calculated in accordance with the following formula for each Period from the first Period (ascertained pursuant to (i) above) to the final Period (which ends on the Relevant Date) is zero:

$$\frac{\text{Cash flow for that Period } t}{(1 + r)^{t-1}}$$

where t is 1 in respect of the first Period, 2 in respect of the second Period and so on (such that, for the avoidance of doubt, t equals 13 for the period commencing on the date of the first anniversary of the Commencement Date etc).

(iii) "Exit Value" means the value of the Relevant "B" and "C" Ordinary Shares in issue on the Exit Event by reference to:

- (a) in the case of an IPO, the price per share at which ordinary shares in the Company are sold or offered in connection with the IPO (in the case of an offer for sale, being the underwritten price or, if an offer for sale by tender, the striking price under such offer or, in the case of a placing, the price at which shares are sold under the placing) but net of underwriting discounts and commissions multiplied by the number of Relevant "B" and "C" Ordinary Shares in issue at the time of such IPO (or shares deriving therefrom consequent upon a share reorganisation prior to the IPO);

(b) in the case of a Sale, the price offered to the holders of "B" Ordinary Shares and "C" Ordinary Shares in connection with the Sale;

(c) if the relevant Exit Event is 31 December 1999, as determined by independent valuers appointed for this purpose by the "B" and "C" Ordinary Shareholders whose determination shall be final and binding taking account of any contingent liabilities of the Company (whether in respect of repayment of indebtedness or otherwise) and any potential dilution of the percentage shareholding representing the Relevant "B" and "C" Ordinary Shares by virtue of any proposed further issue of Shares.

(b) deleted

(c) deleted

48 deleted

49 The rights attaching to the Deferred Shares are set out at Article 50.

### **Deferred Shares and Sterling Deferred Shares**

50 (a) The holders of the Deferred Shares shall not by virtue of or in respect of their holdings of Deferred Shares, have the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting. The Deferred Shares shall not entitle their holders to receive any dividend or other distribution. The Deferred Shares shall on the return of assets in a winding-up entitle the holder only to the repayment of the amounts paid upon such shares after repayment of the capital paid up on the Ordinary Shares plus the payment of £10,000,000 per such Ordinary Share. The Company shall have irrevocable authority at any time after the adoption of this Article to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the same, without making any payment to the holders thereof and/or acquire the same (in accordance with the provisions of the Act) without making any payment to or obtaining the sanction of the holders thereof, to such persons as the Company may determine as custodian thereof and, pending such transfer and/or cancellation and/or purchase, to retain the certificate for such shares.

(b) Article 50(a) shall apply to the Sterling Deferred Shares as if all references in that Article to "Deferred Shares" were a reference to "Sterling Deferred Shares" provided that the power of the Company to acquire the Sterling Deferred Shares shall be subject to the minimum capital requirements contained in the Act.

### **Transmission of Ordinary Shares**

51 Subject to the provisions of Article 37, the following provisions apply on a transmission of shares:

- (a) If a member dies the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders shall be the only persons recognised by the Company as having any title to his interest; but nothing in the articles shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.
- (b) A person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as the directors may properly require, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder 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 articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the member and the death or bankruptcy of the member had not occurred.
- (c) A person becoming entitled to a share by reason of the death or bankruptcy of a member shall have the rights to which he would be entitled if he were the holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend or vote at any meeting of the Company or at any separate meeting of the holders of any class of shares in the Company.

### **Alteration of Share Capital**

**52** The Company may by ordinary resolution:

- (a) increase its share capital by new shares of such amount as the resolution prescribes;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and
- (d) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

**53** Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the directors may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Act, the Company) and distribute the net proceeds of sale in due proportion among those members, and the directors may authorise some person to execute an instrument of transfer of the shares to, or

in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

- 54 Subject to the provisions of the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

### **Purchase of Own Ordinary Shares**

- 55 Subject to the provisions of the Act, the Company may purchase its own shares (including any redeemable shares) in its own capital in any way.

### **General Meetings**

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

### **Notice of General Meetings**

- 58 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least 21 clear days' notice. All other extraordinary general meetings shall be called by at least 14 clear days' notice but a general meeting may be called by shorter notice if it is so agreed:
- (a) in the case of the annual general meeting, by all the members entitled to attend and vote thereat; and
  - (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.
- 59 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.
- 60 Subject to the provisions of the articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to all the persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors.
- 61 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

### **Proceedings at General Meetings**

- 62 No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum.
- 63 If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such day and at such time and place as the directors may determine.
- 64 The chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) is present within 15 minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.
- 65 If no director is willing to act as chairman, or if no director is present within 15 minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.
- 66 A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.
- 67 The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for 14 days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.
- 68 A resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:
- (a) by the chairman; or
  - (b) by any member present in person or by proxy and entitled to vote.
- 69 Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

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

### **Votes of Members**

- 76 Subject to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative not being himself a member entitled to vote, shall have one vote, and on a poll every member shall have one vote for every share of which he is the holder.
- 77 In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of members.
- 78 A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning

mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with the articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

- 79 No member shall, unless the directors otherwise determine, be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid.
- 80 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
- 81 On a poll votes may be given either personally or by proxy. A member may appoint more than one proxy to attend on the same occasion. Deposit of an instrument of proxy does not prevent a member from attending and voting at the meeting or at any adjournment.
- 82 An instrument appointing a proxy shall be in writing in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the appointor.
- 83 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notari ally or in some other way approved by the directors may:
- (a) be left at or sent by post or by facsimile transmission to the office or such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting at any time before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
  - (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and at any time before the time appointed for the taking of the poll; or
  - (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;

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

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

### **Number of Directors**

- 85 Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not exceed seven and the minimum number is two.

### **Alternate Directors**

- 86 Any director (other than an alternate director) may appoint any person willing to act, whether or not he is a director of the Company and without the approval of the directors, to be an alternate director and may remove from office an alternate director so appointed by him.
- 87 An alternate director shall, whether or not he is absent from the United Kingdom, be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member, to attend and vote at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence but shall not be entitled to receive any remuneration from the Company for his services as an alternate director.
- 88 An alternate director shall cease to be an alternate director if his appointor ceases to be a director; but, if a director retires but is reappointed at the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue in force after his reappointment.
- 89 Any appointment or removal of an alternate director shall be by notice to the Company signed by the director making or revoking the appointment or in any other manner approved by the directors. Any such notice may be left at or sent by post or facsimile transmission to the office or such other place as may be designated for the purpose by the directors.
- 90 Save as otherwise provided in the articles, an alternate director shall be deemed for all purposes to be a director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.
- 91 Each alternate shall carry the same number of votes at meetings as his appointor is entitled pursuant to Article 108.

### **Powers of Directors**

- 92 Subject to the provisions of the Act, the memorandum and articles and to any directions given by special resolution, the business of the Company shall be managed by the directors who may exercise all the powers of the Company. No alteration of the memorandum or articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this article shall not be limited by any special power given to the directors by the articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.
- 93 The directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.
- 94 If the number of directors is less than two the remaining director may act only for the purposes of appointing an additional director or directors to make up that minimum or convening a general meeting of the Company for the purpose of making such appointment. If the remaining director is not able or willing to act, two members may convene a general meeting for the purpose of appointing a director. An additional director appointed in this way holds office (subject to the Articles) only until the dissolution of the next annual general meeting after this appointment unless he is reappointed during that meeting.

### **Delegation of Directors' Powers**

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

### **Appointment and Removal of Directors**

- 96 (a) The Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director provided that the appointment does not cause the number of directors to exceed the maximum number of directors as fixed by Article 85.
- (b) The directors may appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the

appointment does not cause the number of directors to exceed any number fixed by or in accordance with the articles as the maximum number of directors as fixed by Article 85.

97 Notwithstanding any other provisions of these Articles:

- (a) the holders of a majority of the "C" Ordinary Shares in issue shall be entitled to appoint and remove three directors of the Company provided that the "C" Ordinary Shares in issue represent at least 40 per cent of the issued equity share capital of the Company; two directors of the Company for so long as the "C" Ordinary Shares in issue represent at least 20 per cent of the issued equity share capital of the Company but less than 40 per cent and one director of the Company for so long as the "C" Ordinary Shares in issue represent at least five per cent of the issued equity share capital of the Company;
- (b) the holders of a majority of the "A" Ordinary Shares in issue shall be entitled to appoint and remove two directors of the Company provided that the "A" Ordinary Shares in issue represent at least 20 per cent of the issued equity share capital of the Company (or would represent at least 20 per cent of the issued equity share capital of the Company but for any conversion of a number of "A" Ordinary Shares pursuant to Article 47(a)) and one director of the Company for so long as the "A" Ordinary Shares in issue represent at least five per cent of the issued equity share capital of the Company but less than 20 per cent;
- (c) the holders of a majority of the "B" Ordinary Shares in issue shall be entitled to appoint and remove a director of the Company for so long as the "B" Ordinary Shares in issue represent at least five per cent of the issued equity share capital of the Company;
- (d) any appointment or removal pursuant to this Article shall be made by the person(s) entitled to make the appointment by notice in writing to the Company (or its relevant subsidiary) and cannot be removed (subject to the continuance of the rights set out above) without that person's prior written approval;
- (e) notwithstanding anything to the contrary contained in these Articles, the "B" Director shall not have the right to participate in any vote by the directors for the appointment of the Independent Director or any other director except that the "B" Director may participate in a vote for one and only one Independent Director which Independent Director has two or fewer votes provided that at such time there exist five or more other directors capable of voting for the Independent Director and such other directors have two votes each and the "B" Director has one vote. Furthermore, notwithstanding anything to the contrary contained herein, the holders of "B" Ordinary Shares shall have no rights as shareholders to vote on any resolution relating to the appointment of any director other than the "B" Director;

- (f) the rights of each class of Shareholder under this Article to appoint directors shall, for the avoidance of doubt, be treated as a right attaching to the relevant class of shares and accordingly can only be varied with the consent in writing of the holders of not less than 75 per cent of the Shares of the relevant class or by an extraordinary resolution passed at a separate class meeting of the holders of the relevant class;
- (g) the provisions of Article 99 relating to the removal of directors and the provisions of Article 100(f) shall not apply to any "A", "B" or "C" Director which the relevant class of shareholders is entitled to appoint and remove pursuant to the foregoing provisions of this Article 97.
- 98 No person is incapable of being appointed a director by reason of his having reached the age of 70 or another age. No special notice is required in connection with the appointment or the approval of the appointment of such person. No director is required to vacate his office at any time because he has reached the age of 70 or another age and Section 293 of the Act does not apply to the Company.
- 99 The holder or holders of more than half in nominal value of the shares giving the right to attend and vote at general meetings of the Company may remove a director from office and appoint a person to be a director, but only if the appointment does not cause the number of directors to exceed a number fixed by or in accordance with the articles as the maximum number of directors. The removal or appointment is effected by notice to the Company signed by or on behalf of the holder or holders. The notice may consist of several documents in similar form each signed by or on behalf of one or more holders and shall be left at or sent by post or facsimile transmission to the office or such other place designated by the directors for the purpose. The removal or appointment takes effect immediately on deposit of the notice in accordance with the articles or on such later date (if any) specified in the notice.

### **Disqualification and Removal of Directors**

- 100 The office of a director shall be vacated if:
- (a) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or
  - (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
  - (c) he becomes, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director; or
  - (d) he resigns his office by notice to the Company; or
  - (e) he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and his alternate director (if any) shall not during such period have attended any such meetings instead of him, and the directors resolve that his office be vacated; or

- (f) he is removed from office by notice addressed to him at his last-known address and signed by all his co-directors; or
- (g) he is removed from office by notice given under Article 99.

### **Remuneration of Directors**

- 101 The directors shall be entitled to such remuneration for acting as directors as may be provided for in the Shareholders Agreement.
- 102 A director who, at the request of the directors, goes or resides abroad, makes a special journey or performs a special service on behalf of the Company may be paid such reasonable additional remuneration (whether by way of salary, percentage of profits or otherwise) and expenses as the directors may decide.

### **Directors' Expenses**

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

### **Directors' Appointments and Interests**

- 104 Subject to the provisions of the Act, the directors may appoint one or more of their body to the office of managing director or to any other executive office under the Company, and may enter into an agreement or arrangement with any director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall determine if he ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the Company.
- 105 Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:
  - (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
  - (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
  - (c) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any

such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

106 For the purposes of Article 105:

- (a) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and
- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

### **Directors' Gratuities and Pensions**

107 The directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

### **Proceedings of Directors**

108 Subject to the provisions of the articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. Every director shall receive notice of a meeting, whether or not he is absent from the United Kingdom. A director may waive the requirement that notice be given to him of a board meeting, either prospectively or retrospectively. Subject to the provisions of Clause 6 of the Shareholders Agreement, questions arising at a meeting shall be decided by a majority of votes. Each of the directors shall carry the following number of votes at meetings:

"A" Director	:	2 votes each
"B" Director	:	1 vote
"C" Director	:	2 votes each
Independent Director	:	2 votes

save that, in the event that the number of directors of the Company falls below six, then each director other than the "B" Director shall have three votes each and the "B" Director shall have one vote provided always that the "B" Director's relative voting power shall be maintained at less than 10%.

- 109 A director or his alternate director may participate in a meeting of directors or a committee of directors through the medium of conference telephone or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. Subject to the Act, all business transacted in this way by the directors or a committee of directors is for the purposes of the articles deemed to be validly and effectively transacted at a meeting of the directors or of a committee of directors although fewer than two directors 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.
- 110 The quorum for the transaction of the business of the directors shall be at least three, to include at least one "A" Director and one "C" Director (hereinafter referred to as a Quorum Director). If any Quorum Director is not present at a meeting of the directors then at least seven days before the next board meeting the Company shall send special notice to the "A" Directors or to the "C" Directors (whichever is applicable) informing such "A" or "C" Directors that if the Quorum Director is not present at the next meeting of the board, the meeting will be held and deemed quorate without the presence of such Quorum Director and all resolutions shall be deemed valid (with the exception of those to which the "A" Directors or "C" Directors have a right of veto pursuant to Clause 6 of the Shareholders Agreement) and that the "A" Directors or "C" Directors (whichever is applicable) shall be deemed to have waived their quorum entitlement for the purposes of that meeting (subject as aforesaid). A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.
- 111 The directors may appoint one of their number to be the chairman of the board of directors and may at any time remove him from that office. Unless he is unwilling to do so, the director so appointed shall preside at every meeting of directors at which he is present. But if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.
- 112 All acts done by a meeting of directors, or of a committee of directors, or by any person acting as a director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.
- 113 A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it has been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held and may consist of several documents in the like form each signed by one or more directors; but a resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a

director who has appointed an alternate director it need not be signed by the alternate director in that capacity.

- 114** If and for so long as there is a sole director, he may exercise all the powers conferred on the directors by the articles by resolution in writing signed by him, and Articles 108 to 111 (inclusive) and 113 do not apply.
- 115** Without prejudice to the obligation of a director to disclose his interest in accordance with Section 317 of the Act, a director may vote at any meeting of directors or of a committee of directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty. The director shall be counted in the quorum present at a meeting when any such resolution is under consideration and if he votes his vote shall be counted.

## **Secretary**

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

## **Minutes**

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

## **The Seal**

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

## **Dividends**

- 119** Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.
- 120** Subject to the provisions of the Act, the directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-

preferred rights if, at the time of payment, any preferential dividend is in arrear. The directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

- 121 Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.
- 122 The directors may deduct from a dividend or other amounts payable to a person in respect of a share any amounts due from him to the Company on account of a call or otherwise in relation to a share.
- 123 A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to such distribution, the directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.
- 124 Any dividend or other moneys payable on or in respect of a share may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the Company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.
- 125 No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.
- 126 Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the Company.

## **Accounts**

- 127** No member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the directors or provided for in the Shareholders Agreement or by ordinary resolution of the Company.

## **Capitalisation of Profits**

- 128** The directors may with the authority of an ordinary resolution of the Company:

- (a) subject as provided in this article, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve;
- (b) appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to such sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other: but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this article, only be applied in paying up unissued shares to be allotted to members credited as fully paid;
- (c) resolve that any shares so allotted to any member in respect of a holding by him of any partly-paid shares rank for dividend, so long as such shares remain partly paid, only to the extent that such partly-paid shares rank for dividend;
- (d) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this article in fractions; and
- (e) authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they may be entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

## **Notices**

- 129** Any notice to be given to or by any person pursuant to the articles shall be in writing except that a notice calling a meeting of the directors need not be in writing.
- 130** The Company may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by

leaving it at that address. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders. Any member whose registered address is not within the United Kingdom shall be entitled to have notices given to him at that address.

- 131 A member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting, and, where requisite, of the purposes for which it was called.
- 132 Every person who becomes entitled to any share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been given to the person from whom he derives his title.
- 133 A notice sent to a member (or other person entitled to receive notices under the articles) by post to an address within the United Kingdom is deemed to be given:
- (a) 24 hours after posting, if pre-paid as first class; or
  - (b) 48 hours after posting, if pre-paid as second class.

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

- 134 A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, in any manner authorised by the articles for the giving of notice to a member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description, at the address, if any, supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

### **Winding Up**

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

### **Indemnity**

- 136** Subject to the provisions of the Act, but without prejudice to an indemnity to which he may otherwise be entitled, every director, alternate director or secretary 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 limitation, a liability incurred:
- (a) defending proceedings (whether civil or criminal) in which judgement 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.
- 137** The directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is an officer or employee, or former officer or employee, of the Company or of a company which is a subsidiary undertaking 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.-