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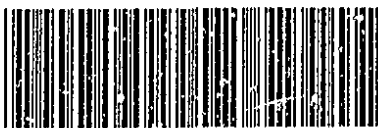
**CERTIFICATE OF INCORPORATION  
OF A PRIVATE LIMITED COMPANY**

Company No. 2984371

The Registrar of Companies for England and Wales hereby certifies that  
AUTOMATION INDUSTRIES LIMITED

is this day incorporated under the Companies Act 1985 as a private  
company and that the company is limited.

Given at Companies House, Cardiff, the 28th October 1994



\*N02984371L\*

*[Signature]*  
For the Registrar of Companies



C O M P A N I E S H O U S E

HC0073

G

**Statutory Declaration of compliance  
with requirements on application  
for registration of a company**

Please do not  
write in  
this margin

Pursuant to section 12(3) of the Companies Act 1985

Please complete  
legibly, preferably  
in black type, or  
bold block lettering

To the Registrar of Companies

For official use

For official use

[ ] [ ] [ ] [ ] [ ] [ ]

[ ] [ ] [ ] [ ] [ ] [ ]

Name of company

\* AUTOMATION INDUSTRIES LIMITED

\* insert full  
name of Company

I, JOHN MICHAEL STEVEN HEAPHY

of 125 VICTORIA STREET, HARTSHILL, STOKE ON TRENT ST4 6HA

† delete as  
appropriate

do solemnly and sincerely declare that I am a [Solicitor engaged in the formation of the company]†  
[person named as director or secretary of the company in the statement delivered to the registrar  
under section 10(2)]† and that all the requirements of the above Act in respect of the registration of the  
above company and of matters precedent and incidental to it have been complied with,  
And I make this solemn declaration conscientiously believing the same to be true and by virtue of the  
provisions of the Statutory Declarations Act 1835

Declared at Globe Court

Declarant to sign below

Stoke-on-Trent

the 21st day of October

One thousand nine hundred and ninety four

before me A. Bailey

*John Heaphy*

A Commissioner for Oaths or Notary Public or Justice of  
the Peace or Solicitor having the powers conferred on a  
Commissioner for Oaths.

Presentor's name address and  
reference (if any):

KENT JONES AND DONE  
CHURCHILL HOUSE  
47 REGENT ROAD  
HANLEY  
STOKE ON TRENT  
ST3 1RQ

For official Use

New Companies Section

Post room



Jordan & Sons Limited

JORDANS

Printed and supplied by

**Jordans**

Jordan & Sons Limited

21 St. Thomas Street, Bristol BS1 6JS  
Tel: 0272 230600 Telex 449119



**10**

# Statement of first directors and secretary and intended situation of registered office

This form should be completed in black.

Company name (in full)

**CN**

For official use ☐

AUTOMATION INDUSTRIES LIMITED

Registered office of the company on  
incorporation.

**RO**

MAIN ROAD

BRERETON

Post town RUGELEY

County/Region STAFFORDSHIRE

Postcode WS15 1DR

If the memorandum is delivered by an  
agent for the subscribers of the  
memorandum mark 'X' in the box  
opposite and give the agent's name  
and address.

☒

Name KENT JONES AND DONE

**RA**

CHURCHILL HOUSE, 47 REGENT ROAD

HANLEY

Post town STOKE ON TRENT

County/Region STAFFORDSHIRE

Postcode ST1 3RQ

Number of continuation sheets attached

☐

To whom should Companies House  
direct any enquiries about the  
information shown in this form?

KENT JONES AND DONE

CHURCHILL HOUSE 47 REGENT ROAD HANLEY

STOKE ON TRENT

Postcode ST1 3RQ

Telephone 0782 202020

Extension

**Company Secretary** (See notes 1 - 5)

Name \*Style/Title

Forenames

Surname

\*Honours etc

Previous forenames

Previous surname

Address

Usual residential address must be given.  
In the case of a corporation, give the  
registered or principal office address.

Consent signature

**Directors** (See notes 1 - 5)

Please list directors in alphabetical order.

Name \*Style/Title

Forenames

Surname

\*Honours etc

Previous forenames

Previous surname

Address

Usual residential address must be given.  
In the case of a corporation, give the  
registered or principal office address.

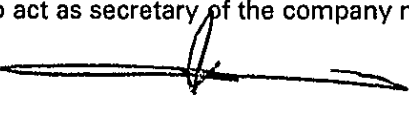
Date of birth

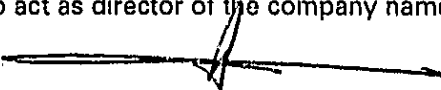
Business occupation

Other directorships

\* Voluntary details

Consent signature

<b>CS</b>	MR		
DAVID LESLIE			
SAMMONS			
<b>AD</b>	25 AMPLEFORTH DRIVE		
QUEENSVILLE			
Post town	STAFFORD		
County/Region	STAFFORDSHIRE		
Postcode	ST17 4TE	Country	ENGLAND
I consent to act as secretary of the company named on page 1			
Signed 		Date 21/10/94	

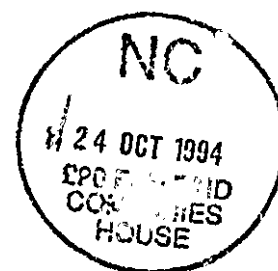
<b>CD</b>	MR		
DAVID LESLIE			
SAMMONS			
<b>AD</b>	25 AMPLEFORTH DRIVE		
QUEENSVILLE			
Post town	STAFFORD		
County/Region	STAFFORDSHIRE		
Postcode	ST17 4TE	Country	ENGLAND
<b>DO</b>	2   6   0   2   5   3	Nationality	<b>NA</b> BRITISH
<b>OC</b>	FINANCIAL CONTROLLER		
<b>OD</b>	OFFSHELF 213 LIMITED		
I consent to act as director of the company named on page 1			
Signed 		Date 21/10/94	



The Companies Acts 1985-1989

Company limited by shares

2984371



**Memorandum of Association**

of

**Automation Industries Limited**

- 1 The name of the Company is Automation Industries Limited.
- 2 The registered office of the Company will be situate in England.
- 3.0 The objects for which the Company is established are to do all or any of the following:
  - 3.1 to carry on the trades or businesses of or any business relating to designing, manufacturing, constructing, engineering, assembling, repairing, maintaining, buying, selling, hiring, importing, exporting, operating, developing or otherwise dealing in or with machinery, implements, apparatus, appliances, equipment and electronic and other devices of all kinds and to carry on the business of, and/or any business relating to, mechanical, electrical, scientific, chemical, aeronautical, marine, military, defence, industrial, transport and/or general engineers and/or manufacturers.
  - 3.2 to carry on the business of a general commercial company.
- 4 The liability of the members is limited.
- 5 The capital of the company is £35,000 divided into 35,000 ordinary shares of £1 each.

WE the subscribers to this memorandum of association wish to be formed into a company pursuant to this memorandum of association and we agree to take the number of shares shown opposite our respective names

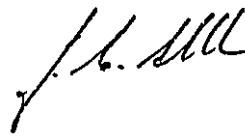
---

Names, addresses and descriptions of subscribers	Number of shares taken by each subscriber
---	--

---

Mr Jack Clifford Sheldon	20,000
--------------------------	--------

21 Fallowfield Drive  
Barton-under-Needwood  
Burton on Trent  
Staffordshire  
DE13 8DH  
Managing Director



Mr David Leslie Sammons	15,000
-------------------------	--------


25 Ampleforth Drive  
Queensville  
Stafford  
Staffordshire  
ST17 4TE  
Financial Controller



---

Dated 21 October 1994

Witness to the above signatures

  
LOUISE HIBLIN  
10 THE OAKLANDS  
ETCHINGHILL  
ROGELEY/  
STAFFORDSHIRE  
TRAINEE SOLICITOR

KJD 78Th33/1bn 20.10.1994

The Companies Acts 1985 - 1989  
Company limited by shares

**Articles of Association**  
of  
**Automation Industries Limited**

**preliminary and interpretation**

- 1.1 Except as mentioned in these articles the regulations contained in or made applicable by Table A ("Table A") in the schedule to The Companies (Tables A to F) Regulations 1985 S.I. 1985/805 amended by S.I. 1985/1052 shall apply to the Company.
- 1.2 Pursuant to the Companies (Single Member Private Limited Company) Regulations 1992 the Company may have one member.

**share capital**

- 2.1 The directors are authorised for a period expiring 5 years from the date on which these articles are adopted to exercise the power of the Company generally and without conditions to allot relevant securities (as defined in section 80 of the 1985 Act) up to a maximum amount of £35,000.
- 2.2 Section 89(1) of the Act (offers to shareholders on pre-emptive basis) shall not apply to the Company.

**transfer of shares**

- 3 In addition to the powers given by regulation 24 of Table A the directors may, in their absolute discretion and without assigning any reason, decline to register any transfer of any share, whether or not it is a fully paid share.



### **number of directors**

- 4 Regulation 64 of Table A shall not apply to the Company. There may be a sole director and there shall be no maximum number of directors.

### **appointment and retirement of directors**

- 5 The directors shall not be subject to retirement by rotation, and accordingly regulations 73, 74 and 75 of Table A shall not apply to the Company, and all other references in Table A to rotation shall be disregarded.

6.0 Any member of members holding over 50% of the issued share capital of the Company may at any time by written notice to the Company do all or any of the following:

- 6.1 vary the number of directors of the Company;
- 6.2 appoint one or more additional directors; and
- 6.3 remove one or more directors from office.

### **proceedings of directors**

- 7.1 For so long as any member of the Company or of any immediate or remoter holding company of the Company holds over 50% of the issued shares in the capital of the Company or any such holding company he (or in the case of a corporate shareholder its appointee) shall be the chairman of the directors and shall have 51% of the votes capable of being cast on any resolution of the directors.

7.2 In Regulation 89 of Table A after the words "shall be two" there shall be added the words "holding (or whose appointer holds) together over 50% of the issued shares in the capital of the Company or of any immediate or remoter holding company of the Company".

**directors interests**

- 8 Regulation 94 of Table A shall not apply to the Company. If a director has complied with the duty of disclosure imposed by Regulation 85 of Table A and has done so in writing not less than three clear days (excluding Saturdays, Sundays and statutory or customary holidays) before the meeting at which the resolution is proposed, he shall be counted in the quorum and may vote at any meeting of the directors or committee of the directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material or does or may conflict with the interests of the Company.

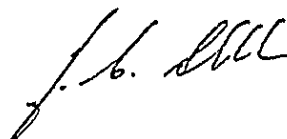
---

Names, addresses and descriptions  
of subscribers

---

Mr Jack Clifford Sheldon

21 Fallowfield Drive  
Parton-under-Needwood  
Burton on Trent  
Staffordshire  
DE13 8DH  
Managing Director



Mr David Leslie Sammons

25 Ampleforth Drive  
Queensville  
Stafford  
Staffordshire  
ST17 4TE  
Financial Controller



---

Dated 21 October 1994

Witness to the above signatures

L. Hiblin.  
LOUISE E. HIBLIN.  
10 THE OAKLANDS  
ETCHINGHILL  
RUGELEY  
STAFFORDSHIRE.  
TRAINEE SOLICITOR.

FILE COPY



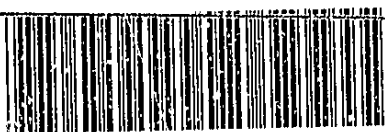
**CERTIFICATE OF INCORPORATION  
ON CHANGE OF NAME**

Company No. 2984371

The Registrar of Companies for England and Wales hereby certifies that  
AUTOMATION INDUSTRIES LIMITED

having by special resolution changed its name, is now incorporated  
under the name of  
POWER MAGNETICS AND ELECTRONIC SYSTEMS LIMITED

Given at Companies House, Cardiff, the 22nd November 1994



\*C02984371A\*



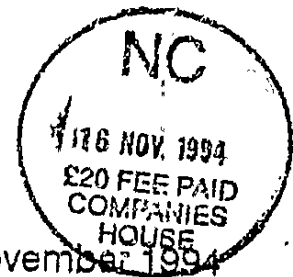
C O M P A N I E S H O U S E

*P. Bevan*  
P. BEVAN  
For the Registrar of Companies

HC006B

Automation Industries Limited

company number 2984371 ("the Company")

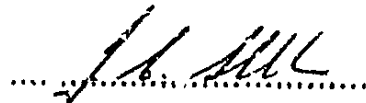



Resolution of the members passed on 14. November 1994  
under regulation 53 in Table A (1985 version) incorporated in the  
articles of association of the Company.

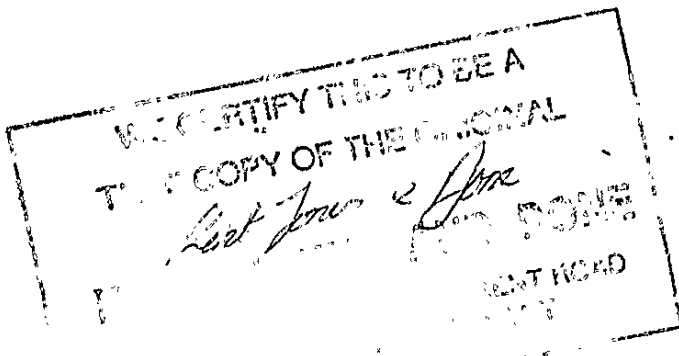
Resolved as a special resolution

That the name of the Company be changed to Power Magnetics and  
Electronic Systems Limited

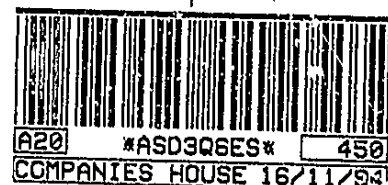
signed

  
J C Sheldon

  
D L Sammons



KJD 78Th33/8an 10.11.1994



**Notice of accounting reference date**  
**(to be delivered within 9 months of**  
**incorporation)**Please do not  
write in  
this marginPursuant to section 224 of the Companies Act 1985  
as inserted by section 3 of the Companies Act 1989Please complete  
legibly, preferably  
in black type, or  
bold block letteringTo the Registrar of Companies  
(Address overleaf)

Company number

2984371

\* insert full name  
of company

Name of company

Kent Jones and Done Industries Limited

gives notice that the date on which the company's accounting reference period is to be treated as  
coming to an end in each successive year is as shown below:

Day Month

3 1 0 3

**Important**The accounting  
reference date to  
be entered along-  
side should be  
completed as in the  
following examples:5 April  
Day Month

0 5 0 4

30 June  
Day Month

3 0 0 6

31 December  
Day Month

3 1 1 2

† insert  
Director,  
Secretary,  
Administrator,  
Administrative  
Receiver or  
Receiver  
(Scotland) as  
appropriate

Signed

Designation† Director

Date 14/11/94

Presenter's name address  
telephone number and reference (if any):Kent Jones and Done  
Churchill House  
47 Regent Road  
Hanley  
Stoke on Trent  
ST1 3RQFor official use  
D.E.B.

Post room



# Notice of increase in nominal capital

# 123

Please do not  
write in  
this margin

Pursuant to section 123 of the Companies Act 1985

To the Registrar of Companies

For official use

Company number

--	--	--	--

2984371

Please complete  
legibly, preferably  
in black type, or  
bold block lettering

Name of company

\* Power Magnetics and Electronic Systems Limited

\* Insert full name  
of company

gives notice in accordance with section 123 of the above Act that by resolution of the company dated 7 December 1994 the nominal capital of the company has been increased by £ 116,667 beyond the registered capital of £ 35,000.

§ the copy must be  
printed or in some  
other form approved  
by the registrar

A copy of the resolution authorising the increase is attached. §

The conditions (eg. voting rights, dividend rights, winding-up rights etc.) subject to which the new shares have been or are to be issued are as follow:

Ranking *pari passu* with the existing ordinary shares of £1.00 each

‡ Insert  
Director,  
Secretary,  
Administrator,  
Administrative  
Receiver or  
Receiver  
(Scotland) as  
appropriate

Please tick here if  
continued overleaf

☐

Signed

*J. B. Little*

Designation‡

Director

Date

7/12/94

Presentor's name address and  
reference (if any):

Kent Jones and Done  
Churchill House  
47 Regent Road Hanley  
Stoke-on-Trent ST1 3RQ

Th33/7

For official Use

General Section

Post room

		
R08	*A11FG75J*	453
COMPANIES HOUSE 13/12/94		

Jordan & Sons Limited

21 St. Thomas Street, Bristol BS1 6JS Tel. 0272-230600 Telex 449119

resolutions passed on 7 December 1994

At an extraordinary general meeting of the members of the Company duly convened and held at Regent Road Harley on 7 December 1994 the following resolutions were duly passed

- 1 That the authorised share capital of the Company be hereby increased from £35,000 to £151,667 by the creation of 116,667 ordinary shares of £1.00 each ranking pari passu in all respects with the existing 35,000 ordinary shares of £1 each in the Company
- 2 That the authority of the directors to allot 35,000 ordinary £1 shares given by clause 2.1 of the articles of association be varied by increasing the maximum amount of capital to which it applies to 151,667 ordinary £1.00 shares

3 That by virtue of section 95(i) of the Companies Act 1985, section 89(1) shall not apply to the allotment of shares pursuant to the authority conferred by the preceding resolution

KJD 78Th33/7gn 05.12.1994





# G

COMPANIES FORM No. 123

## Notice of increase in nominal capital

# 123

Please do not  
write in  
this margin

Pursuant to section 123 of the Companies Act 1985

To the Registrar of Companies

For official use

Company number

Please complete  
legibly, preferably  
in black type, or  
bold block lettering

--	--	--	--

2984371

Name of company

\* Power Magnetics and Electronic Systems Limited

\* Insert full name  
of company

gives notice in accordance with section 123 of the above Act that by resolution of the company  
dated 14 December 1994 the nominal capital of the company has been  
increased by £ 409,000 beyond the registered capital of £ 151,667.

A copy of the resolution authorising the increase is attached.†

The conditions (eg. voting rights, dividend rights, winding-up rights etc.) subject to which the new  
shares have been or are to be issued are as follow:

As set out in the articles of association of the Company adopted on the  
same date

‡ the copy must be  
printed or in some  
other form approved  
by the registrar

‡ Insert  
Director,  
Secretary,  
Administrator,  
Administrative  
Receiver or  
Receiver  
(Scotland) as  
appropriate

Please tick here if  
continued overleaf

☐

Signed

Designation†

Date

14 December 1994

Presentor's name address and  
reference (if any):

Kent Jones and Done  
Churchill House  
47 Regent Road Hanley  
Stoke-on-Trent  
ST1 3RQ  
Tel: 0782 202020  
Th33/7

For official Use  
General Section

A09	*A5RM57LP*	264
COMPANIES HOUSE 29/12/94		

**G**

COMPANIES FORM No. 122

**122****Notice of consolidation, division,  
sub-division, redemption or  
cancellation of shares, or conversion,  
re-conversion of stock into shares**Please do not  
write in  
this margin

Pursuant to section 122 of the Companies Act 1985

To the Registrar of Companies

For official use

Company number

Please complete  
legibly, preferably  
in black type, or  
bold block lettering

--	--	--	--

2984371

Name of company

\* Power Magnetics and Electronic Systems Ltd

\* Insert full name  
of company

gives notice that:

by a special resolution passed on **14 December** 1994 each of the existing 151667 ordinary shares of £1 each in the capital of the company were divided into two shares of 50p each in the capital of the company and 28334 ordinary shares of 50p each were converted into a like number of deferred shares of 50p each.

‡ Insert  
Director,  
Secretary,  
Administrator,  
Administrative  
Receiver or  
Receiver  
(Scotland) as  
appropriate

Signed

*J. B. Schell*

Designation‡

*Director*Date **14 December 1994**Presentor's name address and  
reference (if any):

Kent Jones and Done  
Churchill House  
47 Regent Road  
Hanley  
SToke-on-Trent  
ST1 3RQ

For official Use  
General Section



**Power Magnetics and Electronic Systems Limited**

company number 2984371 ("the Company")

**Minutes** of an extraordinary general meeting of the Company duly convened and held at *Rutland House, 148 Edmund Street, Birmingham* on **14<sup>th</sup>** December 1994

**Present**            J C Sheldon  
                         D L Sammons

**Resolved**

**alteration of objects**

- 1 That the objects of the Company be varied by adding a new subparagraph 3.3 in the form of the paragraph set out in schedule 1

**Sub-division and conversion of shares**

- 2.1 Each of the ordinary shares of £1.00 in the Company's capital be sub-divided into 2 ordinary shares of 50p each having the rights set out in the articles of association of the Company as proposed to be adopted by the resolution set out in paragraph 6 below
- 2.2 The number of ordinary shares of 50p each registered in the name of the shareholders listed below be converted into a like number of deferred shares and that an additional 1246 ordinary shares of 50p each be converted into a like number of deferred shares each having the rights set out in the articles of association of the Company as proposed to be adopted by the resolution set out in paragraph 6 below

Shareholder	No. of ordinary shares of 50p to be converted into deferred shares
-------------	--

J Sheldon	6,850
D Sammons	5,294
C Millard	3,736
J Langdown	3,736
J Wardle	3,736
M Taylor	3,736

**increase in authorised capital**

3 That the authorised share capital of the Company be hereby increased from £151,667 to £560,667 by the creation of:-

3.1 725,000 'A' ordinary shares of £0.50 each; and

3.2 4,650,000 preference shares of 1 pence each;

all such shares having the respective rights set out in the articles of association of the Company as proposed to be adopted by the resolution set out in paragraph 6 below

### **approval of share allotment and share subscription**

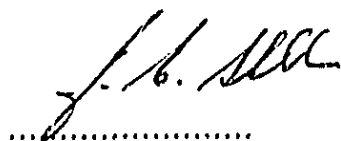
- 4.1 That the directors are unconditionally authorised for the purposes of section 80 of the Companies Act 1985 to allot and dispose of or grant options or warrants over the Company's shares to such persons, on such terms and in such manner as they think fit, up to a total issued share capital of the Company of £560,667 at any time during the period of five years from the date thereof
- 4.2 That by virtue of section 95(1) of the Companies Act 1985, section 89(1) shall not apply to the allotment of shares pursuant to the authority conferred by the preceding paragraph of this resolution

### **approval of warrant instrument**

- 5 That the grant of a warrant to each of 3i Group plc and 3i 94 LMBO Plan (or persons nominated by them) to subscribe for a total of 50,000 'A' ordinary shares of £0.50 each in the Company on the terms set out in an instrument constituting warrants to subscribe for shares (a copy of which has been produced to this meeting) be and is hereby approved

### **adoption of new articles**

- 6 That the articles of association contained in the printed document produced to the meeting marked 'A' and for the purpose of identification signed by the chairman thereof be and the same are approved and adopted as the articles of association of the Company in substitution for and to the exclusion of all the existing articles of association of the Company

  
.....

Chairman  
KJD 23Th33/8aa 13.12.1994

## **schedule 1**

- 3.1 To borrow and raise money and secure any debt or obligation of or binding on the Company in such manner as may be thought fit, and in particular by mortgages or charges upon the undertaking and all or any of the real and personal property and assets (present or future), and all or any of the uncalled capital for the time being of the Company, or by the creation and issue (at par or at a premium or discount and for such consideration and with and subject to such rights, powers, privileges, and conditions as may be thought fit) of debentures, debenture stock or other obligations or securities of any description, and whether with or without the company receiving any consideration to guarantee or secure (with or without a mortgage or charge on all or any part of the undertaking and assets, present and future and the uncalled capital, for the time being of the Company) the performance of the obligations, and the payment of the principal of, and dividends, interest and premiums on, any stocks, shares, debentures, debenture stock or other securities of any person, firm or company, including (without prejudice to the generality of the foregoing) any company which is for the time being a subsidiary of the Company (as defined by Section 736 of the Companies Act 1985) or the holding company (as defined by the said Section) or another subsidiary (as so defined) of the Company's holding company or otherwise associated with the Company in business and (without prejudice to the generality of the foregoing) to procure bankers or others to guarantee all or any of the obligations of the Company.

## **Power Magnetics and Electronic Systems Limited**

---

**Memorandum and articles of association**

---

Kent Jones and Done

78Th33/1bn 23.12.1994

The Companies Act 1985  
company limited by shares  
company 2984371

**Power Magnetics and Electronic Systems Ltd**

incorporated	28 October 1994
objects altered	14 December 1994
name changed	22 November 1994
new articles	14 December 1994

contents

certificate of incorporation

certificate of incorporation on change of name

memorandum of association

articles of association



The Companies Acts 1985-1989

Company limited by shares

**Memorandum of Association**

of

**Power Magnetism and Electronic Systems Limited**

- 1 The name of the Company is Power Magnetism and Electronic Systems Limited. \*
- 2 The registered office of the Company will be situate in England.
- 3.0 The objects for which the Company is established are to do all or any of the following:
  - 3.1 to carry on the trades or businesses of or any business relating to designing, manufacturing, constructing, engineering, assembling, repairing, maintaining, buying, selling, hiring, importing, exporting, operating, developing or otherwise dealing in or with machinery, implements, apparatus, appliances, equipment and electronic and other devices of all kinds and to carry on the business of, and/or any business relating to, mechanical, electrical, scientific, chemical, aeronautical, marine, military, defence, industrial, transport and/or general engineers and/or manufacturers.
- \* By special resolution dated 14 November 1994 the name of the Company was changed from Automation Industries Limited to Power Magnetism and Electronic Systems Limited.

3.2 to carry on the business of a general commercial company.

3.3 To borrow and raise money and secure any debt or obligation of or binding on the Company in such manner as may be thought fit and in particular by mortgages or charges upon the undertaking and all or any of the real and personal property and assets (present or future) and all or any of the uncalled capital for the time being of the Company, or by the creation and issue (at par or at a premium or discount and for such consideration and with and subject to such rights, powers, privileges, and conditions as may be thought fit) of debentures, debenture stock or other obligations or securities of any description, and whether with or without the company receiving any consideration to guarantee or secure (with or without a mortgage or charge on all or any part of the undertaking and assets, present and future and the uncalled capital, for the time being of the Company) the performance of the obligations and the payment of the principal of, and dividends, interest and premiums on, any stock, shares, debentures, debenture stock or other securities of any person, firm or company, including (without prejudice to the generality of the foregoing) any company which is for the time being a subsidiary of the Company (as defined by section 736 of the Companies Act 1985) or the holding company (as defined by the said section) or another subsidiary (as so defined) of the Company's holding company or otherwise associated with the Company in business and (without prejudice to the generality of the foregoing) to procure bankers or others to guarantee all or any of the obligations of the Company.

- 4 The liability of the members is limited.
- 5 The capital of the Company is £35,000 divided into 35,000 ordinary shares of £1 each. \* \*\*

\* By special resolution dated 7 December 1994 the capital of the Company was increased from £35,000 to £151,667.

\*\* By a special resolution dated 14 December 1994 the capital of the Company was increased to £560,667.

THE COMPANIES ACT 1985  
COMPANY LIMITED BY SHARES  
NEW ARTICLES OF ASSOCIATION  
of

POWER MAGNETICS AND ELECTRONIC SYSTEMS LIMITED

(adopted by special resolution on 12<sup>th</sup> March 1994)

Preliminary

1. In these articles:-

- 1.1 'the Act' means the Companies Act 1985 and every statutory modification or re-enactment thereof for the time being in force.
- 1.2 'Table A' means Table A in the Companies (Tables A - F) Regulations 1985 as amended by the Companies (Tables A - F) (Amendment) Regulations 1985.
- 1.3 '3i' means 3i Group plc.
- 1.4 'the Plan' means 3i 94 LMBO Plan (a limited partnership).
- 1.5 'the Investment Agreement' means the agreement for subscription entered into or to be entered into between the Company (1) the Promoters (as defined therein) (2) 3i plc (3) 3i (4) and the Plan (5);
- 1.6 The expression 'Investor' shall mean each of 3i and the Plan and any person who is or becomes an Investor for the purposes of the Investment Agreement and any nominee of 3i, the Plan or any such person. The expression 'member of an Investor's Group' shall mean an Investor, any subsidiary of that Investor and any holding company of that Investor and any subsidiary of such holding company and any nominee of any of the foregoing and 'Investor's Group' and 'Group' shall be construed accordingly.

- 1.7 The expression 'Relevant Directors' shall mean the Company's and any subsidiary's directors and former directors where such directors are interested in shares in the Company and their connected persons (as defined by section 839 Income and Corporation Taxes Act 1988) but excluding any Special Director (as hereinafter defined).
- 1.8 The word 'emoluments' shall include all salary and all items set out in paragraph 1(4) of schedule 6 to the Act.
- 1.9 Where any amount is stated to be Index Linked it shall be adjusted annually on 31 March each year commencing on 31 March 1995 by a percentage equal to the percentage increase (if any) in the retail price index published by the Government to the last day in February in the year in question from the last day of February in the previous year (save that the review on 31 March 1995 will be in respect of the period from the date the 'A' ordinary shares are first subscribed for to 28 February 1995).
- 2.1 The regulations contained in or incorporated in Table A shall apply to the Company save insofar as they are excluded or varied hereby or are inconsistent herewith and such regulations (save as so excluded varied or inconsistent) and the articles hereinafter contained shall be the regulations of the Company.
- 2.2 Regulations 54, 73-80 (inclusive), 85, 86, 94-98 (inclusive) and 118 of Table A shall not apply to the Company.

#### Share capital

3. The share capital of the Company is £560,667 divided into 4,650,000 preference shares of 1 pence each 725,000 'A' ordinary shares of 50 pence each 275,000 ordinary shares of 50 pence each and 28,334 deferred shares of 50 pence each. The rights attaching to the respective classes of shares shall be as follows:-

#### 3.1 Income

The profits of the Company available for distribution shall be applied as follows:-

3.1.1 First in paying to the holders of the preference shares a fixed cumulative preferential net cash dividend (hereinafter in these articles referred to as 'the Preference Dividend') of 8.5 pence per annum on each share (increasing to 9.75 pence per annum from and after 1 April 1997) accruing from the date of subscription for the preference shares and payable (unless otherwise agreed by the holders of the preference shares) half yearly on 31 March and 30 September. the first such payment to be made on 31 March 1995.

3.1.2 Second in paying to the holders of the 'A' ordinary shares as a class in respect of each financial year of the Company a cumulative preferential net cash dividend (hereinafter in these articles referred to as 'the Participating Dividend') of a sum equal to the Relevant Percentage (as defined below) of the Net Profit (calculated as hereinafter provided) of the Company and its subsidiaries for the relevant financial year. The Participating Dividend (if any) shall be paid (unless otherwise agreed by the holders of the 'A' ordinary shares) not later than 4 months after the end of each successive accounting reference period of the Company (5 months in the case of the Company's financial period ending 31 March 1996) or not later than 14 days after the audit report on the accounts of the Company for such period is signed by the Company's auditors, whichever is earlier.

'The Relevant Percentage' means 15% except that in respect of Net Profit attributable to the period from the subscription of the 'A' ordinary shares to 31 March 1996 it shall be 10% and in respect of Net Profit attributable to the period from 1 April 1996 to 31 March 1999 it shall be 12.5%.

For the purpose of calculating the Participating Dividend, the expression 'Net Profit' shall mean the profit on ordinary activities before taxation of the Company and its subsidiaries calculated on the historical cost accounting basis and shown in the audited consolidated profit and loss account of the Company and its subsidiaries for the relevant financial year (to the nearest £1) but adjusted by:-

- 3.1.2.1 adding back any payment or provision which has been made for any dividend on any share in the capital of the Company or any of its subsidiaries or for any other distribution or for the transfer of any sum to reserve and any amortisation of goodwill;
  - 3.1.2.2 disregarding extraordinary items;
  - 3.1.2.3 adding back any amount in excess of £435,000 Index Linked in the aggregate charged in respect of emoluments payable to Relevant Directors.
- 3.1.3 Third in paying (unless otherwise agreed by the holders of the 'A' ordinary shares) to the holders of the 'A' ordinary shares in respect of each financial year of the Company a cumulative preferential net cash dividend (hereinafter in these articles referred to as 'the Compensatory Dividend') on each share of an amount which shall equal the Excess Remuneration (as hereinafter defined) divided by the number of ordinary shares held by Relevant Directors in issue on the last day of the relevant financial year.

For the purpose of calculating the Compensatory Dividend the expression 'Excess Remuneration' shall mean emoluments in excess of £435,000 Index Linked in the aggregate (or such other sum as may be agreed in writing from time to time between the holders of 75% of the ordinary shares and the holders of 75% of the 'A' ordinary shares) payable in respect of the relevant financial year to Relevant Directors after deducting income tax at the basic rate on such excess sum. The Compensatory Dividend (if any) shall be paid on the due date for payment of the Participating Dividend.

- 3.1.4 No dividend shall be declared or paid to the holders of ordinary shares in respect of any financial year of the Company unless and until:-
- 3.1.4.1 the Preference Dividend and any Participating Dividend and Compensatory Dividend have been paid in full in respect of that

financial year and in respect of all previous financial years of the Company;

- 3.1.4.2 all preference shares which have fallen due for redemption have been redeemed

but subject thereto and provided that the aggregate of the total amount of all dividend payments made or proposed to be made in respect of that financial year and the Excess Remuneration (as defined above) does not exceed one half of the amount of the profits after taxation of the Company and its subsidiaries for such financial year calculated on the historical cost accounting basis as shown in the audited consolidated profit and loss account of the Company and its subsidiaries (to the nearest £1) and provided that the profits of the Company available for distribution following the proposed dividend on the ordinary shares are not less than £250,000 the profits which the Company may determine to distribute in respect of any financial year shall be applied:-

- 3.1.4.3 First in paying to the holders of the ordinary shares a dividend on each share of an amount up to but not exceeding the Participating Dividend paid on each 'A' ordinary share for such year;

- 3.1.4.4 Second with the prior written consent of the holders of 75% of the 'A' ordinary shares in distributing the balance of such profits amongst the holders of the 'A' ordinary shares and the ordinary shares (pari passu as if the same constituted one class of share).

- 3.1.5 Every dividend shall be distributed to the appropriate shareholders pro-rata according to the amounts paid up or credited as paid up on the shares held by them respectively and shall accrue on a daily basis.

- 3.1.6 Unless the Company has insufficient profits available for distribution and the Company is thereby prohibited from paying dividends by the Act the Preference Dividend and the Participating Dividend and the Compensatory Dividend shall



(notwithstanding regulations 102 to 108 inclusive contained in Table A or any other provision of these articles and in particular notwithstanding that there has not been a recommendation of the directors or resolution of the Company in general meeting) be paid immediately on the due date and if not then paid shall be a debt due by the Company and be payable in priority to any other dividend provided that if due to delays in the preparation of the audited accounts of the Company the Participating Dividend cannot be calculated by the date it is due for payment then there shall be paid forthwith an interim dividend in respect of the Participating Dividend of a sum equal to the last Participating Dividend payable. The next and (if appropriate) any subsequent Participating Dividend shall be adjusted to take account of any overpayment or underpayment in respect of the said interim dividend which becomes apparent when the audited accounts are available.

- 3.1.7 The Company shall procure that each of its subsidiaries which has profits available for distribution shall from time to time declare and pay to the Company such dividends as are necessary to permit lawful and prompt payment by the Company of any redemption moneys due on the preference shares and the Preference Dividend and the Participating Dividend and the Compensatory Dividend.

## 3.2 Capital

On a return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after the payment of its liabilities shall be applied as follows:-

- 3.2.1 first in paying to the holders of the preference shares £1 per share together with a sum equal to any arrears or accruals of the Preference Dividend calculated down to the date of the return of capital;
- 3.2.2 second in paying to the holders of the 'A' ordinary shares £1 per share together with a sum equal to any arrears or accruals of the dividends on the 'A' ordinary shares calculated down to the date of the return of capital;

3.2.1 ~~to be~~ paying to the holders of ordinary shares £1 per share together with a sum equal to all dividends properly declared but not paid thereon; and

3.2.4 the balance of such assets shall be distributed amongst the holders of the 'A' ordinary shares and ordinary shares (pari passu as if the same constituted one class of share) in proportion to the amounts paid up or credited as paid up on the 'A' ordinary shares and ordinary shares held by them respectively.

### 3.3 Conversion

The holders of the 'A' ordinary shares may at any time convert the whole of their 'A' ordinary shares into a like number of ordinary shares and the following provisions shall have effect:-

3.3.1 the conversion shall be effected by notice in writing given to the Company signed by the holders of 75% of the 'A' ordinary shares and the conversion shall take effect immediately upon the date of delivery of such notice to the Company unless such notice states that conversion is to be effective when any conditions specified in the notice have been fulfilled in which case conversion shall take effect when such conditions have been fulfilled;

3.3.2 forthwith after conversion takes effect the holders of the ordinary shares resulting from the conversion shall send to the Company the certificates in respect of their respective holdings of 'A' ordinary shares and the Company shall issue to such holders respectively certificates for the ordinary shares resulting from the conversion;

3.3.3 the ordinary shares resulting from the conversion shall rank from the date of conversion pari passu in all respects with the other ordinary shares in the capital of the Company;

3.3.4 on the date of conversion the Company shall pay a dividend to the holders of the 'A' ordinary shares of a sum equal to any arrears or accruals of the dividends

on the 'A' ordinary shares calculated on a daily basis to the date of conversion and the Participating Dividend shall be calculated pro rata according to the profits of the Company and its subsidiaries for the relevant financial year down to the date of such conversion such profits to be calculated by the Company on a basis reasonably acceptable to the holders of 75% of the 'A' ordinary shares.

### 3.4 Redemption

- 3.4.1 Subject to the provisions of the Act on each of the dates set out below that number of preference shares set out below opposite the relevant date shall be redeemed (unless otherwise agreed by the holders of the preference shares):-

<u>Redemption date</u>	<u>Number of shares redeemable</u>
31 March 2002	700,000
31 March 2003	1,200,000
31 March 2004	1,350,000
31 March 2005	1,400,000

and any shares not redeemed upon the due date shall be redeemed forthwith upon redemption becoming permissible under the Act.

- 3.4.2 Subject to the provisions of the Act the Company may redeem all or (in instalments of not less than 500,000 shares) some of the preference shares in advance of the due date for redemption and in the absence of any contrary agreement between such holders and the Company any partial early redemption shall be deemed to relate to the shares falling due for redemption in inverse order of maturity.

- 3.4.3 Subject to the provisions of the Act all of the preference shares shall (unless the holders of 75% of the preference shares give notice in writing to the Company to the contrary) be redeemed immediately upon any of the following dates:-
- 3.4.3.1 the date upon which any of the equity share capital of the Company is admitted to the Official List of the Stock Exchange or permission for any of the equity share capital of the Company to be dealt in on the Unlisted Securities Market or any other recognised investment exchange (as defined in section 207 of the Financial Services Act 1986) becomes effective; or
- 3.4.3.2 the date upon which a successful offer to purchase 90% or more of the issued equity share capital of the Company (or 90% or more of all such capital including any already held by the offeror) is completed.
- 3.4.4 On the dates fixed for any redemption the Company shall pay to each registered holder of preference shares the amount payable in respect of such redemption and upon receipt of that amount each such holder shall surrender to the Company the certificate for his shares which are to be redeemed in order that they may be cancelled provided that if any certificate so surrendered includes any shares not redeemable at that time the Company shall issue a fresh certificate for the balance of the shares not redeemable to the holder. If there is more than one holder of preference shares any redemption shall be made among such holders pro rata (as nearly as may be) to their respective holdings.
- 3.4.5 The Company shall pay on each of the preference shares so redeemed the sum of £1 and shall contemporaneously pay any arrears or accruals of the Preference Dividend calculated to the date of redemption and in the absence of any direction to the contrary by the holder of the relevant preference share any moneys paid on redemption of such share shall relate first to the said arrears and accruals of Preference Dividend. The Preference Dividend shall cease to accrue from the date of payment of the redemption moneys.

### 3.5 Deferred Shares

The deferred shares shall have no rights whatsoever (whether in respect of dividends, voting or otherwise) save that each deferred share shall be entitled to receive one pence on a return of capital under article 3.2 but only after every 'A' ordinary share has received £1,000.

#### Class Rights

4. Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, only with the consent in writing of the holders of 75% of the issued shares of that class. Without prejudice to the generality of this article, the special rights attached to the preference shares and the 'A' ordinary shares shall be deemed to be varied:-
- 4.1 by the grant of any option or other right to subscribe for shares and by any alteration or increase or reduction or sub-division or consolidation of the authorised or issued capital of the Company or of any of its subsidiaries, or any variation of the rights attached to any of the shares for the time being in the capital of the Company or of any of its subsidiaries; or
  - 4.2 by the disposal of the undertaking of the Company or of any of its subsidiaries or any substantial part thereof or by the disposal of any share in the capital of any subsidiary of the Company; or
  - 4.3 by the acquisition of any interest in any share in the capital of any company by the Company or any of its subsidiaries; or
  - 4.4 by the application by way of capitalisation of any sum in or towards paying up any debenture or debenture stock of the Company; or
  - 4.5 by any alteration of the restrictions on the powers of the directors of the Company and its subsidiaries to borrow give guarantees or create charges; or

- 4.6 by the winding up of the Company; or
- 4.7 by the redemption of any of the Company's shares (otherwise than pursuant to these articles) or by the entering into of a contract by the Company to purchase any of its shares; or
- 4.8 by any alteration of the Company's memorandum or articles of association; or
- 4.9 by any alteration of the Company's accounting reference date; or
- 4.10 by the calling of a meeting of the Company to effect or approve any matter which would by virtue of this article be a variation of the class rights of the 'A' ordinary and preference shares.

#### Lien

- 5. The lien conferred by regulation 8 of Table A shall apply to all shares of the Company whether fully paid or not and to all shares registered in the name of any person indebted or under liability to the Company whether he be the sole registered holder thereof or one of several joint holders.

#### Calls

- 6. The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of regulation 18 in Table A of the words 'and all expenses that may have been incurred by the Company by reason of such non-payment.'

#### Transfer of Shares

- 7. The directors shall refuse to register any transfer of shares made in contravention of the provisions of these articles but (subject to Regulation 24 of Table A) shall not otherwise be entitled to refuse to register any transfer of shares. For the purpose of ensuring that a particular transfer of shares is permitted under the provisions of these articles, the

directors may request the transferor, or the person named as transferee in any transfer lodged for registration, to furnish the Company with such information and evidence as the directors may reasonably think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the directors within a period of 28 days after such request the directors shall be entitled to refuse to register the transfer in question.

8.1 For the purposes of these articles, 'Privileged Relation' means in relation to a member at the date of adoption of these articles ("the Original Member") the spouse or widow or widower of the member and the member's children and grandchildren (including step and adopted children and their issue) and step and adopted children of the member's children.

8.2 Notwithstanding any other provision in these articles but subject to article 8.3 below.

8.2.1 any member may at any time transfer (or by will bequeath or otherwise dispose of on death) all or any shares held by him to a Privileged Relation; and

8.2.2 any Privileged Relation of an original Member may at any time transfer (or by will bequeath or otherwise dispose of on death) all or any shares held by him to the Original Member of whom the member is a Privileged Relation of any other Privileged Relation of such Original Member.

8.3 Unless the directors agree otherwise if any person (an 'Employee Member') ceases to be an employee or director of the Company or its subsidiaries, and does not forthwith become or continue to be either an employee or director of any of the Company or its subsidiaries or dies or becomes bankrupt or becomes a patient pursuant to the Mental Health Act 1983 Transfer Notices (as hereinafter defined) shall be deemed to have been served forthwith upon such cessation or such death or such bankruptcy or such becoming a patient as above in respect of:-

8.3.1 all shares held by the Employee Member; and

8.3.2 all shares originally held by the Employee Member but held by his Privileged Relations at the time of such cessation.

9.1 Save as otherwise provided in these articles every member who desires to transfer any shares (hereinafter called 'the Vendor') shall give to the Company notice in writing of such desire (hereinafter called a 'Transfer Notice'). Subject as hereinafter mentioned a Transfer Notice shall constitute the Company the Vendor's agent for the sale of the shares specified therein (hereinafter called 'the Sale Shares') in one or more lots at the discretion of the directors in accordance with these articles at the Sale Price.

9.1.1 The Sale Price for all transfers other than deemed transfers pursuant to article 8.4 shall be the price agreed by the Vendor and the directors or if the Vendor and the directors are unable to agree a price within 28 days of the Transfer Notice being given the price which the auditors of the Company (acting as an expert and not as an arbitrator) shall by writing under their hand certify to be in their opinion a fair value thereof on a going concern basis as between a willing seller and a willing buyer ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest and on the assumption that the Sale Shares are capable of transfer without restriction ('the Fair Value'). Save for shares sold pursuant to a deemed Transfer Notice the Transfer Notice may contain a provision that unless all the shares comprised therein are sold by the Company pursuant to this article none shall be sold and any such provision shall be binding on the Company.

9.1.2 The Sale Price in respect of shares sold pursuant to article 8.4 shall be as follows:

9.1.2.1 If the deemed transfer occurs

- either after (subject as mentioned in clause 9.1.2.2) the Employee Member has held the Sale Shares for a period of more than 12 months or



- as a result of the Employee Member ceasing to be both an employee and a director by reason of death, permanent ill health, retirement, redundancy or unfair dismissal (that is, where unfair dismissal has been proven in a tribunal or court of competent jurisdiction and the time limit has expired or if an appeal has been made where such appeal has been dismissed) or
- in any other circumstances to which the directors in their absolute discretion resolve that the price be determined in accordance with the provisions of this article 9.1.2.1 or
- in any circumstances other than those to which clause 9.1.2.2 applies

the price agreed by the Vendor or his Personal Representatives or Trustee in Bankruptcy (as appropriate) and the directors or if they are unable to agree a price within 28 days of the deemed Transfer Notice the Fair Value; or

**9.1.2.2 If the deemed transfer occurs**

- before the Employee Member has held the Sale Shares for a period of at least 12 months or
- (notwithstanding that the Employee Member has held the Sale Shares for more than 12 months) as a result of the Employee Member ceasing to be both an employee and a director by reason of voluntary resignation without the approval of the Board or dismissal (save in the case of unfair dismissal as defined in clause 9.1.2.1 above)

then save where the directors resolve in their absolute discretion that the price shall be determined in accordance with the provisions of article 9.1.2.1 the lesser of:

9.1.2.2.1 the Fair Value; or

9.1.2.2.2 the nominal value together with any premium paid on subscription for the Sale Shares together with interest at the base rate of The Royal Bank of Scotland plc calculated on a daily basis from the date of subscription to the date of the deemed Transfer Notice (both dates inclusive)

9.2 If the auditors of the Company are asked to certify the fair value as aforesaid their certificate shall be delivered to the Company and as soon as the Company receives the certificate it shall furnish a certified copy thereof to the Vendor and save for shares sold pursuant to a deemed Transfer Notice the Vendor shall be entitled by notice in writing given to the Company within ten days of the service upon him of the certified copy to cancel the Company's authority to sell the Sale Shares. The cost of obtaining the certificate shall be borne by the Company unless the Vendor shall give notice of cancellation as aforesaid in which case the Vendor shall bear the cost.

9.3 Upon the price being fixed as aforesaid and provided the Vendor shall not give a valid notice of cancellation the Company shall forthwith offer the Sale Shares as follows:-

9.3.1 in the cases of 'A' ordinary shares and preference shares, to all holders of 'A' ordinary shares (other than the Vendor) pro rata as nearly as may be in proportion to the existing numbers of 'A' ordinary shares held by such members; and

9.3.2 in the case of ordinary shares to all holders of ordinary shares (other than the Vendor) pro rata as nearly as may be in proportion to the existing numbers of ordinary shares held by such members

and in all such cases giving details of the number and the Sale Price of such Sale Shares. The Company shall invite each such member as aforesaid to state in writing within twenty-one days from the date of the notice whether he is willing to purchase any of the Sale Shares so offered to him and if so the maximum thereof which he is willing to purchase. If at the expiration of the said period of twenty-one days there are any Sale

Shares offered which any of the members hereinbefore mentioned have not so stated their willingness to purchase the Company shall offer such shares to such members as have stated in writing their willingness to purchase all the shares previously offered to them. Such remaining shares shall be offered pro rata as nearly as may be in proportion to existing numbers of 'A' ordinary shares or ordinary shares (as the case may be) then held by such members which offer shall remain open for a further period of twenty-one days. If at the expiration of the said further period of twenty-one days there are any Sale Shares which any of the members hereinbefore mentioned have not stated their willingness to purchase the Company shall offer such shares as follows:-

9.3.3 in the cases of 'A' ordinary shares and preference shares, to all holders of ordinary shares (other than the Vendor if applicable) pro rata as nearly as may be in proportion to the existing numbers of ordinary shares held by such members; and

9.3.4 in the case of ordinary shares:-

9.3.4.1 to any new director to the Company who has been appointed by the Board (subject to the consent of the holders of 75% of the preference shares and 75% of the 'A' ordinary shares) which offer shall remain open for a further period of 21 days. If at the end of the expiration of the said further period of 21 days there are any Sale Shares which any of the members hereinbefore mentioned or the new director have not stated their willingness to purchase then

9.3.4.2 the Company shall have the right (subject to the Act) to buy back the Sale Shares (subject to the consent of the holders of 75% of the preference shares and 75% of the 'A' ordinary shares). The Company shall have the right to give notice confirming its willingness to buy back the Sale Shares for a period of 21 days. If at the end of the expiration of the said further period of 21 days the Company has not given such notice or where it has given such notice 60 days from the date of such notice there are any Sale Shares

which the Company has not purchased then the Company shall offer the such Sale Shares to

- 9.3.4.3 all holders of 'A' ordinary shares (other than the Vendor if applicable) pro rata as nearly as may be in proportion to the existing numbers of 'A' ordinary shares held by such members

and in all such cases giving details of the number and the Sale Price of such Sale Shares. The Company shall invite each such member to whom shares have been offered under this article to state in writing within twenty-one days from the date of the relevant notice whether he is willing to purchase any of the Sale Shares so offered to him and if so the maximum thereof which he is willing to purchase. If at the expiration of the said further period of twenty-one days there are any Sale Shares which any of the members to whom they have been offered have not so stated their willingness to purchase the Company shall offer such shares to such members as have stated in writing their willingness to purchase all the shares previously offered to them. Such remaining shares shall be offered pro rata as nearly as may be in proportion to existing numbers of ordinary shares or 'A' ordinary shares (as the case may be) then held by such members which offer shall remain open for a fourth period of twenty-one days.

- 9.4 If the Company shall pursuant to the above provisions of this article find a member or members of the Company or other person willing to purchase all or any of the Sale Shares the Vendor shall be bound upon receipt of the Sale Price to transfer the Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons. If the Vendor shall make default in so doing the Company shall if so required by the person or persons willing to purchase such Sale Shares receive and give a good discharge for the purchase money on behalf of the Vendor and shall authorise some person to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Members as the holder of such of the Sale Shares as shall have been transferred to them as aforesaid.

- 9.5 If the directors shall not have found a member or members of the Company or other person willing to purchase all of the Sale Shares pursuant to the foregoing provisions of

this article the Vendor shall at any time within six months after the final offer by the Company to its members be at liberty to sell and transfer such of the Sale Shares as have not been so sold to any person at a price being no less than the Sale Price provided always that the directors shall have the right to refuse to register any transfer to any person who the directors in their reasonable opinion consider to have a competing interest in the Business.

9.6 The foregoing provision of this article shall not apply to the following transfers which may be made without restriction as to price or otherwise and any such transfer shall be registered by the directors:-

9.6.1 any transfer by a member to any person with the prior consent in writing of the holders of 75% of the 'A' ordinary shares and the holders of 75% of the ordinary shares;

9.6.2 any transfer by any member of an Investor's Group to any other member in the same Investor's Group (provided that if such transferee ceases to be a member of the Investor's Group it shall forthwith transfer the relevant shares to a member of the relevant Investor's Group);

9.6.3 a transfer of any shares in the Company held by an Investor who is:-

- (1) a person whose principal business is to make, manage or advise upon investments (as 'Investment Manager'); or
- (2) a fund, partnership, company, syndicate or other entity whose principal purpose is to make investments and whose business is managed by an Investment Manager (an 'Investment Fund') or
- (3) a partnership whose principal purpose is to make investments ('an Investment Partnership'); or

- (4) a nominee of an Investment Manager or an Investment Fund or an Investment Partnership;

made by the Investor:-

- (A) where the Investor is an Investment Manager or a nominee of an Investment Manager:-

- (i) to any participant or partner in or member of any Investment Fund in respect of which the shares are held (but only in connection with the dissolution of such Investment Fund);
- (ii) to any Investment Fund whose business is managed by the Investment Manager who is or whose nominee is the transferor;
- (iii) to any other Investment Manager who manages the business of the Investment Fund in respect of which the share are held;

- (B) where the Investor is an Investment Fund or a nominee of an Investment Fund:-

- (i) to any participant or partner in or member of the Investment Fund which is or whose nominee is the transferor (but only in connection with the dissolution of such Investment Fund);
- (ii) to any other Investment Fund whose business is managed by the same Investment Manager as the investment Fund which is or whose nominee is the transferor;

(iii) to the Investment Manager who manages the business of the Investment Fund which is or whose nominee is the transferor;

(C) where the Investment is an Investment Partnership or a nominee of an Investment Partnership to any partner of the Investment Partnership (but only in connection with the dissolution of the Investment Partnership or any distribution of assets of the Investment Partnership pursuant to the operation of the Investment Partnership in the ordinary course);

(or, in any such case, a nominee on behalf thereof).

9.7 Subject to the provisions of article 8 any purported transfer of shares otherwise than in accordance with the foregoing provisions of this article 9 shall be void and have no effect.

#### Voting

10. Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with these articles, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative not being himself a member, shall have one vote, and on a poll every member who is present

in person or by proxy or (being a corporation) is present by a representative or by proxy shall have one vote for every £1 in nominal amount of shares in the capital of the Company of which he is the holder.

10.2 The holders of the preference shares shall be entitled to receive notice of all general meetings but shall not by reason of such holding be entitled to attend or vote thereat.

### Appointment of Directors

11. The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director.

### Proceedings of Directors

12. Notice of every meeting of the directors shall be given to each director at any address supplied by him to the Company for that purpose whether or not he be present in the United Kingdom provided that any director may waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him.
- 12.1 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:-
  - 12.1.1 may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;
  - 12.1.2 may be a director or other officer of or employed by or be 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 in any way interested;
  - 12.1.3 may (and any firm or company of which he is a partner or member or director may) act in a professional capacity for the Company or any body corporate in which the Company is in any way interested;
  - 12.1.4 shall not by reason of his office be accountable to the Company for any benefit which he derives from such office service 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; and



12.1.5 shall be entitled to vote and be counted in the quorum on any matter concerning the foregoing paragraphs of this article.

12.2 For the purposes of this article:-

12.2.1 a general notice 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;

12.2.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and

12.2.3 an interest of a person who is for any purpose of the Act (excluding any statutory modification not in force when these articles were adopted) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

12.3 Any director or his alternate may validly participate in a meeting of the directors or a committee of directors through the medium of conference telephone or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to the Act all business transacted in such manner by the directors or a committee of the directors shall for the purposes of the articles be deemed to be validly and effectively transacted at a meeting of the directors or of a committee of the directors notwithstanding that fewer than two directors or alternate directors are physically present at the same place. Such a meeting shall be deemed to take

place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

### **Directors' Borrowing Powers**

13. Subject as hereinafter provided the directors may exercise all the powers of the Company (whether express or implied):-

13.1 of borrowing or securing the payment of money;

13.2 of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts; and

13.3 of mortgaging or charging the property assets and uncalled capital of the Company and (subject to section 80 of the Act) of issuing debentures

but so that:-

13.4 the directors of the Company shall procure that the aggregate amounts for the time being remaining undischarged by virtue of any of the foregoing operations by the Company and all subsidiaries of the Company and by virtue of any like operations by the Company and all subsidiaries of the Company (including any liability (whether ascertained or contingent) under any bonding facilities, guarantee for the time being in force and including amounts due under any hire purchase, credit sale, conditional sale or leasing agreements (other than leases of real or heritable property) which can in accordance with current accounting practice be attributed to capital but excluding inter-company loans, mortgages and charges) shall not without the previous sanction of the holders of 75% of the 'A' ordinary shares and the holders of 75% of the preference shares exceed a sum which is the greater of £12,000,000 or twice the aggregate of the nominal amount of the share capital of the Company for the time being issued and paid up or credited as paid up and the amounts for the time being standing to the credit of the capital and revenue reserves and the share premium account of the Company and all its subsidiaries (excluding any amounts arising from the writing up of the book values of any capital assets any amounts attributable to

goodwill and minority interests and any amounts set aside for future taxation) all as shown by the then latest audited consolidated balance sheet of the Company;

- 13.5 no such sanction shall be required to the borrowing of any sum of money intended to be applied in the repayment (with or without premium) of any moneys then already borrowed and outstanding, notwithstanding that the same may result in such limit being exceeded;
- 13.6 no lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by this article is observed and no debt or liability incurred in excess of such limit shall be invalid and no security given for the same shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security or person to whom the liability is incurred at the time when the debt or liability was incurred or the security given that the limit hereby imposed has been or was thereby exceeded;
- 13.7 except with the previous sanction of the holders of 75% of the 'A' ordinary shares and the holders of 75% of the preference shares no mortgage or charge shall be created on any part of the undertaking property or assets of the Company or any subsidiary of the Company except for the purpose of securing moneys borrowed from any member of an Investor's Group with interest thereon and from bankers with interest thereon and bank charges.

#### Special Director

14. Notwithstanding any other provisions of these articles 3i shall be entitled to appoint as a director of the Company any one person and the remaining Investors acting together shall (provided 3i has first given its written consent) be entitled to appoint as a director of the Company any one person (each such person herein referred to as a 'Special Director') and to remove from office any person so appointed and to appoint another person in his place. Upon request by 3i the directors shall also procure that the Special Director appointed by 3i is appointed and acts as Chairman of the board of directors of the Company. The remuneration and reasonable expenses to be paid to a Special Director shall be payable by the Company and shall be such sum as may be agreed between him and the Company or failing agreement such reasonable sum as shall be fixed by the auditors of the Company.

Upon request by the Investor or Investors by whom he is appointed the Company shall also procure that a Special Director be appointed a director to any subsidiary of the Company.

#### **Indemnity**

15.1 Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution of his duties or in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or 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.

15.2 The directors may exercise all the powers of the Company to purchase and maintain for any director, auditor or other officer (including former directors and other officers) or any other person insurance against any liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against.

#### **Syndication**

16.1 Either of 3i and the Plan may at any time before 31 March 1996 require redemption of such of their 'A' ordinary shares and/or preference shares as they may specify up to a maximum of one third of their original holding of such shares plus one preference share. The persons whose shares are being redeemed are in this article called 'the Redeeming Shareholders'. The shares being redeemed are in this article called 'the Redemption Shares'.

- 16.2 Redemption in accordance with this article and subject to the provisions of the Act may only be made if the Redeeming Shareholders contemporaneously procure one or more persons ('the New Subscribers') to subscribe for shares ('the New Shares') of the same number, class and nominal value as the Redemption Shares.
- 16.3 The redemption price for the Redemption Shares shall be the price per share at which they were originally subscribed. The subscription price for the New Shares shall be the same as the redemption price for the equivalent Redemption Shares.
- 16.4 The Company hereby irrevocably requests the New Subscriber to pay their subscription moneys into the account opened by the Company for this purpose with 3i plc as described in clause 20.2 of the Investment Agreement. Upon transmission by 3i plc of such moneys to the Redeeming Shareholders in accordance with the Investment Agreement such subscription proceeds for the purposes of section 160 of the Act will be deemed to be the source out of which the redemption of the Redemption Shares is made.
- 16.5 Upon receipt of the redemption moneys the Redeeming Shareholders will deliver to the Company the share certificates for the shares being redeemed and will furnish the Company with the following details:-
- (i) the identity of the New Subscriber;
  - (ii) the amount of the subscription moneys paid by the New Subscribers;
  - (iii) the number and class of the shares being redeemed/subscribed for;
  - (iv) the date of the redemption/subSCRIPTION;
- whereupon:-
- (a) the Company will issue the Redeeming Shareholders with balancing certificates for the shares not being redeemed;

- (b) the directors will allot and issue to the New Subscribers the shares for which they have subscribed and will deliver to them share certificates in respect of the same.

- 16.6 For the purposes of section 80 of the Act the directors are hereby unconditionally authorised to allot to the New Shareholders up to a total of 225,000 'A' ordinary shares of 50 pence each and 1,550,000 preference shares of 1 pence each. By virtue of section 91 of the Act section 89(1) of the Act shall not apply to any such allotments. The authority contained in this sub-article shall terminate on 31 March 1996.
- 16.7 The New Shares shall have identical rights as the Redemption Shares which they replace save that dividends shall only accrue thereon from the date of subscription therefor.
- 16.8 Forthwith upon redemption the dividends on the Redemption Shares shall cease to accrue. Any dividends accrued on the Redemption Shares down to the date of redemption shall remain the property of the Redeeming Shareholders and shall be paid on the same date as they would have been had redemption not taken place. If any legal objection shall be raised to the payment of this dividend on the grounds that the shares in respect of which it is being paid have ceased to exist then an equivalent dividend shall be deemed to have accrued on the shares retained by the Redeeming Shareholders.

**Power Magnetics and Electronic Systems Ltd**  
**company number 2984371 ("the Company")**

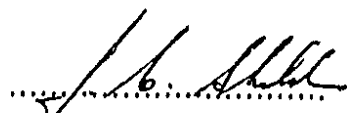
**Resolution** of the members passed on 14<sup>th</sup> December 1994  
under regulation 53 of Table A (1985 version) incorporated in the  
articles of association of the Company

**Resolved** as a special resolution

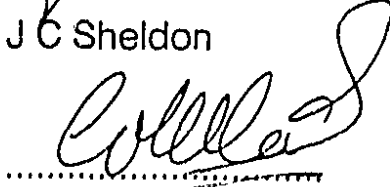
That article 8 of the Company's articles of association be deleted and  
replaced by the following

- 8 If a director has complied with the duty of disclosure imposed by  
Regulation 85. of table A and section 317 of the Act at or before the  
meeting at which the resolution is proposed, he shall be counted in  
the quorum and may vote at any meeting of the directors or committee  
of the directors on any resolution concerning a matter in which he  
has, directly or indirectly, an interest or duty which is material or  
does or may conflict with the interests of the Company


**signed**



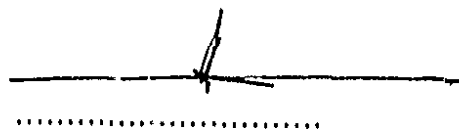
J C Sheldon



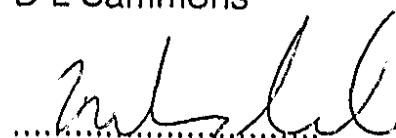
C T Millard



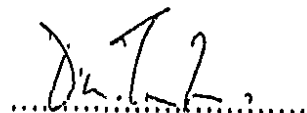
C J Langdown



D L Sammons



J P Wardale



D M Taylor

KJD 23Th33/7ga 14.12.1994

