

THE COMPANIES ACTS 1985 to 1989
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
of

KILLBY & GAYFORD GROUP LIMITED

Company number: 3538796

Adopted by ^{written} special resolution on: 4 August 1998
& amended by written resolution on 27 July 2000

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Definitions

1. In these articles the following words and phrases have the meanings set out opposite them below:

'3i'	3i Group plc (and 'a member of the 3i Group' shall mean 3i, any subsidiary of 3i and any company of which 3i is a subsidiary).
'the A Ordinary Dividends'	the Participating Dividend and the Compensatory Dividend referred to in these articles.
'the Act'	the Companies Act 1985 and every statutory modification or re-enactment thereof for the time being in force.
'Agreed Benefits'	£541,000 (Index Linked) or such other amount as is agreed between the Company and 3i from time to time (both parties acting reasonably bearing in mind, where appropriate, the relevant levels of remuneration in the market at the time and/or the appointment of further managers) plus any bonuses paid or payable under the Bonus Scheme for that financial year.
'Benefits'	all salary, fees and emoluments (which, for the avoidance of doubt, shall not include dividends) including sums paid by way of expenses allowance (if taxable), pension contributions and the cash value of benefits in kind.
'Bonus Scheme'	the bonus scheme, the terms of which were agreed with 3i at the date of adoption of these articles.

'Connected Persons'

as defined by section 839 Income and Corporation Taxes Act 1988.

'a Controlling Interest'

an interest in shares (as defined in Schedule 13 Part 1 and section 324 of the Act) in a company conferring in the aggregate more than 50% of the total voting rights conferred by all the issued shares in that company.

'Early Leaver'

an Employee Member who ceases to be a director or employee of the Company or any of its subsidiaries other than by reason of his death or physical or mental incapacity and does not continue as either a director or employee in relation to any of them and such cessation occurs less than 2 years after the date of the adoption of these articles by the Company.

'Employee Member'

a person who holds shares in the capital of the Company and who is or has been a director and/or an employee of the Company or any of its subsidiaries.

'Employee Trust'

a trust approved by the holders of 75% of the A ordinary shares and whose beneficiaries are the bona fide employees of the Company or any of its subsidiaries.

'Excess Benefits'

Benefits in excess of the Agreed Benefits in the aggregate payable in respect of the relevant financial year to the Relevant Managers after deducting tax at the higher rate on such excess sum.

'Exit'

the sale of at least 51% of the equity shares of the Company or the admission of the Company's

issued share capital onto a recognised investment exchange as defined in Section 207 of the Financial Services Act 1986.

'Independent Expert'

an umpire (acting as an expert and not as an arbitrator) nominated by the parties concerned or in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales.

'Index Linked'

adjusted annually each 1 January by an amount equal to the percentage increase (if any) in the retail price index published by the Government for the preceding twelve months. The first increase shall take place on 1 January 1999 and shall be made by reference to the period from the first day of the month in which these articles were adopted to the last day of December 1998.

'Investment Agreement'

the investment agreement between 3i, the Company and others of the same date as the adoption of these articles.

'Management Shares'

90,000 of the ordinary shares in the capital of the Company registered in the name of Terry Smith as at the date of adoption of these articles.

'Net Profit'

the profit on ordinary activities after 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:-

- adding back any amortisation of goodwill;

- adding back any Excess Benefits for that period.

'No-embarrassment Agreement'

the no-embarrassment agreement substantially in the form as annexed to the Investment Agreement.

'Original Members'

persons who were members of the Company on the date of the adoption of these articles.

'Relevant Managers'

the managers and former managers of the Company and its subsidiaries (but only if such managers or former managers or their Connected Persons are interested in shares in the Company) and Jeremy Vickers and their Connected Persons

'Share'
'Shareholder'

but excluding any director appointed by 3i.
*any share in the capital of the Company from time to time
any holder of any share from time to time*
Table A in the Companies (Tables A - F)

'Table A'

Regulations 1985 as amended by the Companies (Tables A - F) (Amendments) Regulations 1985.

'Termination Date'

- where employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires;
- where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served;
- where the Employee Member concerned is a director but not an employee, the date on which his contract for services with the Company is terminated; and

- in any other case, the date on which the contract of employment is terminated.

'Trust'

The Killby & Gayford Employee Incentive Trust

Application of Table A

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- 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 authorised share capital of the Company is £1,911,750 divided into:
- 1,175,000 A preference shares of £0.01 each
 - 1,300,000 B preference shares of £1 each
 - 198,000 A ordinary shares of £1 each
 - 402,000 ordinary shares of £1 each.

Dividends

4. The profits of the Company available for distribution shall be used to pay dividends in the following order of priority:-

- 4.1 First, in paying to the holders of the A preference shares a dividend ('the A Preference Dividend') as follows:

Amount: 8 pence per share per annum

Accrual date: accruing from the date of subscription

Payment dates: half yearly on 31 May and 30 November each year, the first payment to be made on 30 November 1998.

4.2 Second, in paying to the holders of the B preference shares a dividend ('the B Preference Dividend') as follows:

Amount: 8 pence per share per annum

Accrual date: accruing from the date of subscription

Payment dates: half yearly on 31 May and 30 November each year, provided that the A Preference Dividend has been paid in full in respect of that financial year and in respect of all previous financial years of the Company, the first payment to be made on 30 November 1998.

4.3 Third, in paying to the holders of the A ordinary shares as a class in respect of each financial year of the Company a dividend ('the Participating Dividend') as follows:

Amount:

- an aggregate sum equal to 5% of Net Profit for the period from 1 January 1999 to 31 December 1999
- an aggregate sum equal to 7% of Net Profit for the period from 1 January 2000 to 31 December 2000
- an aggregate sum equal to 9% of Net Profit thereafter.

Accrual date: accruing from 1 January 1999. The first Participating Dividend will be pro rated to reflect the number of days in the financial year during which the A ordinary shares have been in issue.

Payment date: not later than 4 months after the end of the relevant accounting period or within 14 days after the audit report

on the accounts of the Company for the period is signed by the Company's auditors, whichever is the earlier.

- 4.4 Fourth, in paying to the holders of the A ordinary shares in respect of each financial year of the Company a dividend ('the Compensatory Dividend') as follows:

Amount: a sum per share calculated by dividing the Excess Benefits by the number of ordinary shares held by Relevant Managers on the last day of the relevant financial year (if there are no Excess Benefits no Compensatory Dividend is payable)

Accrual date: accruing from the date of subscription

Payment date: the due date for payment of the Participating Dividend.

- 4.5 Fifth, in paying to the holders of the ordinary shares a dividend as follows:

Amount: such amount as the directors may determine up to the amount of the Participating Dividend paid on each A ordinary share

Accrual date: dividends do not accrue on ordinary shares. Their payment depends on a recommendation by the directors and satisfaction of each of the conditions set out below

Payment date: at any time during the financial year in which the Participating Dividend by reference to which it is calculated is paid.

- 4.6 No dividend shall be payable on the ordinary shares in respect of any financial year unless on the proposed payment date each of the following conditions is satisfied:
- 4.6.1 the holders of 75% of the A ordinary shares have first given their written consent;
 - 4.6.2 the Participating Dividend (if any) has been paid in full in respect of that financial year and in respect of all previous financial years of the Company;
 - 4.6.3 there are no arrears of any other dividends.
- 4.7 Once all the foregoing dividends have been paid any remaining profits which the Company may determine to distribute shall, if the holders of an aggregate of 75% of the A ordinary shares and 75% of the ordinary shares agree in writing, be distributed amongst the holders of the ordinary and A ordinary shares (pari passu as if the same were one class of share).
- 4.8 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. All dividends are expressed net and shall be paid in cash. The Preference Dividends and the A Ordinary Dividends are cumulative.
- 4.9 Unless the Company has insufficient profits available for distribution within the meaning of the Act and the Company is thereby prohibited from paying dividends by the Act the Preference Dividends and the A Ordinary Dividends shall be paid immediately on the due date. Such payment shall be made 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. If they are not paid on the due date they shall be a debt due by the Company and shall be payable in priority to any other dividend.

- 4.10 Subject always to the Act, 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 the Company shall forthwith pay 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.
- 4.11 The Company shall procure (so far as it is able) that each of its subsidiaries which has profits available for distribution shall from time to time and to the extent that it may lawfully do so 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 Dividends and the A Ordinary Dividends.

Return of capital

- 5 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 in the following order of priority:-
- 5.1 first in paying to the holders of the A preference shares £1 per share together with a sum equal to any arrears or accruals of the A Preference Dividend calculated down to the date of the return of capital;
- 5.2 second in paying to the holders of the B preference shares £1 per share together with a sum equal to any arrears or accruals of the B Preference Dividend calculated down to the date of the return of capital;
- 5.3 third 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;
- 5.4 fourth in paying to the holders of ordinary shares £1 per share; and

- 5.5 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.

Payment of Participating Dividend on an Exit

- 6 Immediately prior to an Exit the Company shall, provided that it has sufficient profits available for distribution within the meaning of the Act, pay a dividend to the holders of the A ordinary shares of a sum equal to any arrears or accruals of the A Ordinary Dividends. The Participating Dividend shall for any period in respect of which no audited accounts have been prepared be calculated by reference to the relevant consolidated management accounts of the Company and its subsidiary undertakings or in the absence of such accounts for all or any part of such period, estimated by the auditors to the Company.

Redemption of preference shares

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7.1 A preference shares

- 7.1.1 Subject to the provisions of the Act the A preference shares shall be redeemed in four instalments of 293,750 shares annually on 31 May in each year commencing 31 May 2002 and any shares not redeemed upon the due date shall be redeemed forthwith upon redemption becoming permissible under the Act.
- 7.1.2 The Company shall pay on each of the A preference shares redeemed the sum of £1. At the same time it shall pay any arrears or accruals of the A Preference Dividend calculated to the date of redemption. In the absence of any direction to the contrary by the holder of the relevant A preference share any moneys paid on redemption of such share shall relate first to the said arrears and accruals of A Preference Dividend. The A Preference Dividend shall cease to accrue from the date of payment of the redemption moneys.

7.1.3 Subject to the provisions of the Act the Company may with the prior written consent of the holders of 75% of the A preference shares and provided there are no arrears of dividend on the A ordinary shares or A preference shares redeem all or (in instalments of not less than 100,000 shares) some of the A preference shares in advance of the due date for redemption. 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.

7.2 B preference shares

7.2.1 Subject to the provisions of the Act and provided the relevant instalment of A preference shares have already been redeemed in accordance with article 7.1.1 the B preference shares shall be redeemed in four instalments of 325,000 shares annually on 31 May in each year commencing 31 May 2002 and any shares not redeemed upon the due date shall be redeemed forthwith upon redemption becoming permissible under the Act.

7.2.2 The Company shall pay on each of the B preference shares redeemed the sum of £1. At the same time it shall pay any arrears or accruals of the B Preference Dividend calculated to the date of redemption. In the absence of any direction to the contrary by the holder of the relevant B preference share any moneys paid on redemption of such share shall relate first to the said arrears and accruals of B Preference Dividend. The B Preference Dividend shall cease to accrue from the date of payment of the redemption moneys.

7.2.3 Subject to the provisions of the Act and provided a similar number of A preference shares have already been redeemed in accordance with article 7.1.3 the Company may with the prior written consent of the holders of 75% of the B preference shares provided there are no arrears of dividend on the B preference shares redeem all or (in instalments of not less than 100,000 shares) some of the B preference shares in advance of the due date for redemption. 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.

7.3 Subject to the provisions of the Act all of the preference shares shall (unless the holders of 75% of the relevant class of preference shares gives notice in writing to the Company to the contrary) be redeemed immediately upon any of the following dates:-

7.3.1 the date upon which any of the equity share capital of the Company is admitted to the Official List of London Stock Exchange Limited or permission for any of the equity share capital of the Company to be dealt in on a share dealing market of any recognised investment exchange (as defined in section 207 of the Financial Services Act 1986) becomes effective; or

7.3.2 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) or all or substantially all of the business, assets and undertakings of the Company is completed.

7.4 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. 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.

Voting

8. Shares in the Company shall carry votes as follows:

ordinary shares: one vote per share

A ordinary shares: one vote per share

A and B preference shares: no votes

The preference shares shall carry the right to receive notice of general meetings of the Company but not the right to attend such meetings.

Votes on shares may be exercised:

- on a show of hands by every member who (being an individual) is present in person or (being a corporation) is present by a representative (in which case each member holding shares with votes shall have one vote)
- on a poll by every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by a proxy (in which case each member holding shares with votes shall have one vote for each such share held).

Class rights

9. 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 A ordinary shares shall be deemed to be varied:-

9.1 by the Company:

- 9.1.1 altering its memorandum or articles of association; or
- 9.1.2 varying in any way (whether directly or indirectly) the rights attached to any of the shares for the time being in the capital of the Company; or
- 9.1.3 applying by way of capitalisation any sum in or towards paying up any share or loan capital of the Company; or

9.1.4 entering into a contract to purchase any of its shares; or

9.1.5 redeeming any of its shares (except as specifically provided for in these articles);
or

9.1.6 passing a resolution that it be wound up; or

9.2 by the Company or any of its subsidiaries:

9.2.1 altering, increasing, reducing, sub-dividing or consolidating its authorised or
issued share capital; or

9.2.2 granting any option or other right to subscribe for shares; or

9.2.3 disposing of its undertaking or any substantial part thereof; or

9.2.4 disposing of or acquiring any interest in any share in the capital of any company.

Transfer of shares

10.1 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.

10.2 Any reference in these articles to a transfer of shares shall be deemed to include a transfer of any interest in shares (whether legal, beneficial or otherwise) and these articles shall take effect accordingly.

Permitted and mandatory transfers

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Permitted transfers by 3i

- 11.1 Notwithstanding any other provisions of these articles a transfer of any shares in the Company held by any member of the 3i Group may be made between the member in the Group holding such shares and any other member in the 3i Group without restriction as to price or otherwise and any such transfer shall be registered by the directors. If any such transferee ceases to be a member of the 3i Group it shall forthwith transfer the relevant shares to a member of the 3i Group.

Transfers with shareholder approval

- 11.2 Notwithstanding any other provisions of these articles a transfer of any shares approved by the holders of 75% of the ordinary shares and the holders of 75% of the A ordinary shares may be made without restriction as to price or otherwise and any such transfer shall be registered by the directors.

Mandatory transfer on cessation of employment

- 11.3 If an Employee Member ceases to be a director or employee of the Company or any of its subsidiaries and does not continue in that capacity in relation to any of them, Transfer Notices shall be deemed to have been served on the relevant Termination Date in respect of all shares (or in the case of Terry Smith, all Management Shares) held by the Employee Member immediately before such cessation.

Transfers under this sub-article are in these articles referred to as Compulsory Employee Transfers.

Mandatory transfer on redemption of B preference shares

- 11.4 If Terry Smith ceases to be a director, employee of the Company or any of its subsidiaries and does not continue in that capacity in relation to any of them and all the B preference shares held by Terry Smith are redeemed in accordance with article 7.2, Transfer Notices shall be deemed to have been served on the date the last of Terry Smith's preference shares were redeemed in respect of all shares held by him. The transfer of any of Terry Smith's ordinary shares under this article will be conditional upon the transferee entering into a No-embarrassment Agreement. For the avoidance of doubt, in valuing such shares

Other Permitted Transfers

- 11.1A Notwithstanding any other provisions of these Articles any shareholder who is a trustee of the Trust may at any time transfer any share to:
- (a) The new or remaining trustees of the Trust upon any change of trustees.
 - (b) any beneficiary of the Trust

in accordance with article 11.6 the Independent Expert shall also take account of the prospects of an Exit.

Pre-emption rights

Transfer notices

- 11.5 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 (in these articles called a 'Transfer Notice'). Where the Transfer Notice is deemed to have been given it is referred to as a Deemed Transfer Notice. Transfer Notices and Deemed Transfer Notices 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 at the Sale Price.

Calculation of the Sale Price

- 11.6 The Sale Price shall be the price agreed by the Vendor and the directors. If the Vendor and the directors are unable to agree a price within 28 days of the Transfer Notice being given or being deemed to have been given the Sale Price will instead be the price which the Independent Expert shall certify to be in his opinion a fair value thereof. In arriving at his opinion the Independent Expert will value the shares 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 decision of the Independent Expert as to the Sale Price shall be final and binding.

Restriction of Sale Price for certain transfers by Employee Members

- 11.7 In the case of Compulsory Employee Transfers where the Employee Member is an Early Leaver the Sale Price shall be restricted to a maximum of the original subscription price of the Sale Shares.

Right of Vendor to reject partial sales

- 11.8 A Transfer Notice (but not a Deemed Transfer Notice) may contain a condition ('a Total Transfer Condition') that unless all the shares comprised therein are sold by the Company pursuant to this article none shall be sold. Any such provision shall be binding on the Company.

Certification of the Sale Price and right of Vendor to cancel

- 11.9 If the Independent Expert is asked to certify the fair value his certificate shall be delivered to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to the Vendor. The Vendor shall be entitled by notice in writing given to the Company within ten days of the service upon him of the copy certificate to cancel the Company's authority to sell the Sale Shares unless the shares are to be sold pursuant to a Deemed Transfer Notice. The cost of obtaining the certificate shall be paid by the Company unless the Vendor cancels it in which case the Vendor shall bear the cost.

Pre-emptive offers-general

- 11.10 Once the Sale Price has been determined then unless the Vendor gives a valid notice of cancellation the Sale Shares shall be offered for sale as set out below. All offers made by the Company shall give details of the number and Sale Price of the Sale Shares.

Preliminary offer to a 'Warehouse'

- 11.11 Unless the holders of 75% of the ordinary shares and the holders of 75% of the A ordinary shares agree otherwise any shares being sold by reason of a Compulsory Employee Transfer shall first be offered to an Employee Trust or to such other offeree as the board shall direct (with the consent of the holders of 75% of the A ordinary shares). Any shares not sold under this sub-article within 21 days of such offer will be offered for sale to the members of the Company as set out below.

First Offer

- 11.12 As soon as Sale Shares become available they shall be forthwith offered for sale by the Company as follows:-

- 11.12.1 in the cases of A ordinary shares and A preference shares, to all holders of A ordinary shares (other than the Vendor) pro rata as nearly as may be to the respective numbers of A ordinary shares held by such members;
- 11.12.2 in the case of B preference shares, to all holders of B preference shares (other than the Vendor) pro rata as nearly as may be to the respective numbers of B preference shares held by such members; and

- 11.12.3 in the case of ordinary shares, to all holders of ordinary shares (other than the Vendor) pro rata as nearly as may be to the respective numbers of ordinary shares held by such members.

Any offer made by the Company under this sub-article will invite the relevant members to state in writing the maximum number of the shares offered to them they wish to purchase and will remain open for 21 days ('the First Offer Period').

Second Offer

- 11.13 If at the end of the First Offer Period there are any Sale Shares offered which have not been allocated 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.

This offer will invite the relevant members to state in writing the maximum number of shares they wish to purchase. If there are insufficient Sale Shares to meet the demand then the directors will allocate the Sale Shares pro rata as nearly as may be in proportion to the number of ordinary shares or A ordinary shares (as the case may be) held by the relevant members. This further offer will remain open for a further period of 21 days ('the Second Offer Period').

Third Offer

- 11.14 If at the end of the Second Offer Period there are any Sale Shares which have not been allocated the Company will offer such shares as follows:

11.14.1 in the case of A ordinary shares and A preference shares, to all holders of ordinary shares (other than the Vendor if applicable) pro rata as nearly as may be to the respective numbers of ordinary shares held by such members;

11.14.2 in the case of B preference shares, to all holders of A ordinary and ordinary shares (other than the Vendor) pro rata as nearly as may be to the respective numbers of A ordinary and ordinary shares held by such members; and

- 11.14.3 in the case of ordinary shares, to all holders of A ordinary shares (other than the Vendor if applicable) pro rata as nearly as may be to the respective numbers of A ordinary shares held by such members.

The Company shall invite each such member to whom shares have been offered under this sub-article to state in writing within 21 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 number thereof which he is willing to purchase. This offer will remain open for a period of 21 days ('the Third Offer Period').

Fourth Offer

- 11.15 If at the end of the Third Offer Period there are any Sale Shares which have not been allocated 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 to the respective 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 21 days.

Thereafter the Company shall continue to make offers on the same terms while any member continues to state in writing his willingness to purchase all shares offered to him.

Transfer procedure for pre-emptive offers

- 11.16 If the Company finds a purchaser for all or any of the Sale Shares under the terms of this article 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 defaults in transferring Sale Shares 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.

Transfers free of pre-emption

- 11.17 If the Company does not find purchasers for all of the Sale Shares under the terms of this article the Vendor shall at any time within six months after the final offer by the Company

to its members be free to sell and transfer such of the Sale Shares as have not been so sold to any person at a price which is no less than the Sale Price. However if the Sale Shares were the subject of a Total Transfer Condition such a sale may only be made of all the shares and not part only.

Effect of non-compliance

- 11.18 Any purported transfer of shares otherwise than in accordance with the provisions of these articles shall be void and have no effect.

Transfer of control

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Transfers prohibited absolutely

- 12.1 No sale or transfer of the legal or beneficial interest in any shares in the Company may be made or validly registered if as a result of such sale or transfer and registration thereof a Controlling Interest would be obtained in the Company by a company in which one or more of the members of the Company (or persons acting in concert with them) has a Controlling Interest.

Transfers permitted where offer is made for A ordinary shares

- 12.2 No sale or transfer of the legal or beneficial interest in any shares in the Company may be made or validly registered without the consent in writing of the holders of 75% of the A ordinary shares if as a result of such sale or transfer and registration thereof a Controlling Interest would be obtained in the Company by a person or persons unless the proposed transferee or transferees or his or their nominees are independent third parties acting in good faith and has or have offered to purchase all the A ordinary shares at the Specified Price (calculated as set out below) and (if not redeemed) all the preference shares at a price per share of at least £1 plus a sum equal to any arrears or accruals of the A and B Preference Dividend (as the case may be) calculated down to the date of sale or transfer.

If any part of the Specified Price is to be paid except by cash then the holders of the A ordinary shares may, at their option, elect to take a price per share of such cash sum as may be agreed by them and the proposed transferee having regard to the transaction as a whole.

Calculation of the Specified Price

12.3 In this article the 'Specified Price' means

- the consideration (in cash or otherwise) per share equal to that offered or paid or payable by the proposed transferee or his or their nominees for the shares being acquired, plus
- the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of such other shares which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable, plus
- all arrears and accruals of the dividends on such share calculated down to the date of the sale or transfer.

In the event of disagreement the calculation of the Specified Price shall be referred to an Independent Expert whose decision shall be final and binding.

Interpretation

12.4 In this article:

- 12.4.1 the expressions 'transfer' and 'transferee' shall include respectively the renunciation of a renounceable letter of allotment and the renouncee under any such letter of allotment;
- 12.4.2 the expression 'shares' includes bearer shares, depository receipts and any other security or instrument into which shares may be converted with a view to a sale;
- 12.4.3 whether or not persons are acting in concert will be determined by the then most recent edition of the City Code on Takeovers and Mergers.

Primacy of article

12.5 All other regulations of the Company relating to the transfer of shares and the rights to registration of transfers shall be read subject to the provisions of this article.

Appointment of directors

13. 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. In addition, the holders of shares representing more than half of the shares which carry the right to attend and vote at general meetings of the Company may by notice to the Company together appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.

3i appointee

14. Notwithstanding any other provisions of these articles, so long as 3i is the holder of 10% or more of the equity share capital of the Company, it shall be entitled to appoint as a director of the Company any person approved by the directors (whose approval shall not be unreasonably withheld) and to remove from office any person so appointed and (subject to such approval) to appoint another person in his place. Upon request by 3i the directors shall also procure that the 3i appointee is appointed and acts as Chairman of the board of directors of the Company. The remuneration and reasonable expenses to be paid to the 3i appointee 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 3i.

Meetings of directors

15. 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. Meetings of the directors may, be held by conference telephone or similar equipment, so long as all the participants can hear each other. Such meetings shall be as effective as if the directors had met in person.

Directors' conflicts of interest

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16.1 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:-

16.1.1 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;

16.1.2 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;

16.1.3 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;

16.1.4 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

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

16.2 For the purposes of this article:-

16.2.1 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;

16.2.2 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

16.2.3 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.

Lien

17. 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

18. 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."

Seal

19. Regulation 6 of Table A shall be modified so as to remove the reference to the company seal and regulation 101 of Table A shall be modified by the insertion of the words ", if the Company has one," after the words "The seal" at the beginning of that regulation.

Indemnity

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20.1 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.

20.2 The Company may purchase and maintain insurance against any liability falling upon its directors or other officers or auditors which arises out of their respective duties to the Company or in relation to its affairs.