

06-08-98

SIN

29.7.98

Company No 3543167

THE COMPANIES ACTS 1985-1989

COMPANY LIMITED BY SHARES



## WRITTEN RESOLUTIONS

of

TEMPLECO 395 LIMITED

(passed on 24 JULY 1998)

We, the undersigned, being the holders of the entire issued share capital of the Company entitling the holder to attend and vote at General Meetings of the Company hereby resolve:

## Ordinary Resolutions

1. That:
  - 1.1 each of the 2 issued and 9,998 unissued ordinary shares of £1 each in the existing share capital of the Company be subdivided into 20 ordinary shares of 5p each;
  - 1.2 40 issued and 168,320 unissued ordinary shares in the share capital of the Company be redesignated as 'A' Ordinary Shares each subject to the rights and restrictions set out in the new articles of association to be adopted as set out in Resolution 5 below;
  - 1.3 31,640 unissued ordinary shares in the share capital of the Company be redesignated as 'B' Ordinary Shares each subject to the rights and restrictions set out in the new articles of association to be adopted as set out in Resolution 5 below;
  - 1.4 the authorised share capital of the Company be increased from £10,000 to £343,868.35 by the creation of:
    - (a) 206,667 'B' Ordinary Shares of 5p each;
    - (b) 100 'C' Ordinary Shares of 5p each; and

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(c) 323,530 Preference Shares of £1 each.

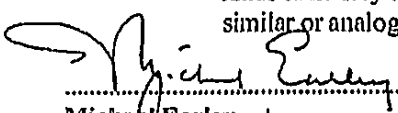
each subject to the rights and restrictions set out in the new articles of association to be adopted as set out in Resolution 5 below.

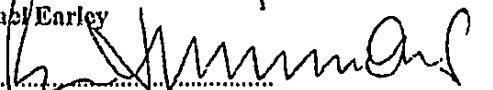
2. That with effect from the date of this Resolution the directors be and are hereby unconditionally authorised pursuant to s80 Companies Act 1985 to exercise any power of the Company to allot relevant securities (as defined by that Act) up to a maximum nominal amount of £343,868.35 at any time or times during the period of five years from the date of this Resolution and at any time thereafter pursuant to any offer or agreement made by this Company before the expiry of this authority.

#### Special Resolutions

3. That the name of the Company be changed to METHUEN PUBLISHING LIMITED;
4. That, pursuant to s95 Companies Act 1985, s89(1) of that Act shall not apply to the allotment of equity securities (as defined in that Act) by the directors so long as the directors shall be authorised pursuant to the authority granted to them by Resolution 2 above;
5. That the Articles of Association in the form of the document initialled by the members be approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company; and
6. That pursuant to section 4 of the Companies Act 1985, sub-clause 3.1 of the Company's present Memorandum of Association be deleted and replaced by the following new sub-clause 3.1:

- 3.1 The object of the Company is to carry on the business of publishers, proprietors, editors, printers and producers of books, magazines, maps, journals, tracts, newspapers and other literary and artistic works, publications and undertakings of journalists, booksellers, bookbinders, literary agents, advertising and publicity agents and advisors, stationers, lithographers, typecutters, typefounders, designers, draughtsmen, type and ink manufacturers, distributors and manufacturers of and dealers in books, magazines, engravings, pictures and all kinds of literary art and artistic work and any other articles or things of character similar or analogous of the foregoing or any of them or connected therewith.

  
Michael Earley

  
Peter Tummons

Date: 24 July 1998

06-08-98

THE COMPANIES ACTS 1985 &amp; 1988

NEW

ARTICLES OF ASSOCIATION

-OF-

TEMPLECO 395 LIMITED

(ADOPTED BY WRITTEN RESOLUTION PASSED ON 24 JULY 1998)

TRAYERS SMITH BRATHWAITE

06-08-98



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PRELIMINARY

## TABLE A

1.1 The articles of association of the Company (the "Articles") shall comprise the regulations contained herein together with the regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (the "Regulations"), save insofar as they are excluded or modified by, or are inconsistent with, the regulations contained herein.

1.2 The whole of Regulations 2, 24, 26, 40, 41, 46, 50, 51, 52, 54, 64, 65, 73, 74, 75, 80, 82, 87, 89, 96, 101 and 118, the third and fifth sentence of Regulation 88 and the last sentence of Regulation 112 of Table A shall not apply to the Company.

## DEFINITIONS AND INTERPRETATION

2.1 In these Articles the following expressions shall have the following meanings:-

A Ordinary Shares	the A ordinary shares of 5p in the capital of the Company;
Accepting Shareholders	as defined in Article 16.2;
Accounts	the audited balance sheet and profit and loss account of the Company or, if at the relevant time the Company has any subsidiary undertaking(s), a consolidation of the audited balance sheets and profit and loss accounts of the Company and its subsidiary undertaking(s), for each financial year, to be prepared under the historical cost convention and in accordance with generally accepted accounting principles and all relevant Statements of Standard Accounting Practice, Financial Reporting Standards and Statements of Recommended Practice;
Act	the Companies Act 1985;
Articles	as defined in Article 1.1;
Auditors	the auditors of the Company from time to time;
Available Profits	profits available for distribution within the meaning of the Act;
B Ordinary Shares	the convertible B ordinary shares of 5p each in the capital of the Company;
Bad Leaver	as defined in Article 14.6.2;
Board	the board of directors of the Company (or any duly authorised committee thereof) from time to time;

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<b>Borrowings</b>	as defined in Article 25.1;
<b>Business Day</b>	any day other than a Saturday, Sunday or English bank holiday;
<b>Conversion Date</b>	the date on which a Conversion Event occurs;
<b>Conversion Event</b>	as defined in Article 7.1;
<b>C Ordinary Shares</b>	the convertible C ordinary shares of 5p each in the capital of the Company;
<b>Cumulative Dividend</b>	the Preference Dividend and the Participating Dividend or either of them;
<b>D Ordinary Shares</b>	the convertible D Ordinary Shares of 5p each in the capital of the Company;
<b>Extra Shares</b>	as defined in Article 13.4;
<b>Fair Price</b>	as defined in Article 14.6.3;
<b>Family Member</b>	in relation to a Shareholder, any one or more of that person's spouse or children (including step-children);
<b>Family Trust</b>	in relation to a Shareholder, a trust or settlement set up wholly for the benefit of that person and/or that person's Family Members;
<b>Good Leaver</b>	as defined in Article 14.6.1;
<b>Group</b>	the Company and its subsidiary undertaking(s) (if any) from time to time and references to "Group Company" and "members of the Group" shall be construed accordingly;
<b>Interest Rate</b>	the annual rate of 3% above the base rate from time to time of National Westminster Bank PLC calculated on a daily basis over a 365 day year from and including the date any sum becomes due to the actual date of payment compounded at the end of each calendar month;
<b>Investment Agreement</b>	the investment agreement dated the same date as the adoption of these Articles and made between (1) the Company, (2) Michael Earley, (3) John Wisden & Co Limited (4) Quester VCT plc and (5) Quester VCT 2 plc as amended and novated from time to

time;

<b>Investor</b>	Quotstr VCT plc and Quotstr VCT 2 plc;
<b>Investor Associate</b>	each member of the Investor's Investor Group (other than the Investor itself) and any company, fund (including any unit trust or investment trust) or partnership which is advised or the assets of which are managed (whether solely or jointly with others) from time to time by the Investor or any member of its Investor Group;
<b>Investor Consent or Investor Direction</b>	as defined in Article 2.4.6;
<b>Investor Group</b>	the Investor and its wholly-owned subsidiaries or, as the case may be, an Investor, the company of which such Investor is a wholly-owned subsidiary and any other wholly-owned subsidiary of such holding company;
<b>Issue Price</b>	the price at which the relevant Share is issued, being the aggregate of the amount paid up or credited as paid up in respect of the nominal value thereof and any share premium thereon;
<b>Leaver</b>	as defined in Article 14.2.2;
<b>Leaver's Shares</b>	all of the Shares held by a Leaver, or to which he is entitled, on the Leaving Date;
<b>Leaving Date</b>	the date on which the relevant person becomes a Leaver;
<b>Loan Notes</b>	the £1,509,803 A and B variable rate redeemable unsecured loan notes 2003-2005 issued by the Company;
<b>London Stock Exchange</b>	London Stock Exchange Limited;
<b>Majority Holding</b>	as defined in Article 17.1;
<b>Minimum Transfer Condition</b>	as defined in Article 13.2;
<b>Nominated Director</b>	as defined in Article 20.1;
<b>Offeror</b>	as defined in Article 16.1;
<b>Ordinary Dividend</b>	as defined in Article 4.9;

Ordinary Shares	the A Ordinary Shares and the B Ordinary Shares;
Participating Dividend	as defined in Article 4.4;
Preference Shares	the fixed rate cumulative redeemable preference shares of £1 in the capital of the Company;
Preference Dividend	as defined in Article 4.2;
Proportionate Allocation	as defined in Article 13.4;
Proposed Buyer	as defined in Article 17.2;
Proposed Sale Date	as defined in Article 17.2;
Proposed Sale Notice	as defined in Article 17.2;
Proposed Sale Shares	as defined in Article 17.2;
Proposed Sellers	as defined in Article 17.1;
Proposed Transferee	as defined in Article 13.1.3;
Qualifying Holding	as defined in section 842AA of the Income and Corporation Taxes Act 1988;
Qualifying Offer	as defined in Article 16.1;
Quotation	the admission of the whole of any class of the issued share capital of the Company to the Official List of the London Stock Exchange, the European Association of Securities Dealers Automated Quotation System or to trading on the Alternative Investment Market of the London Stock Exchange or to any other recognised investment exchange (as defined in section 207 of the Financial Services Act 1986);
Regulations	as defined in Article 1.1;
Relevant Employee	as defined in Article 14.2.1;
Remaining Shareholders	as defined in Article 16.3;
Sale	the sale of the whole of the issued equity share capital of the Company to a single buyer or to one or more buyers as part of a single transaction;



Sale Notice	as defined in Article 13.7;
Sale Price	as defined in Article 13.1.4;
Sale Shares	as defined in Article 13.1.2;
Seller	as defined in Article 13.1;
Share	any share in the capital of the Company;
Shareholder	a holder of any Shares in the capital of the Company from time to time; and
Transfer Notice	as defined in Article 13.1; and
VCT	a "venture capital trust" for the purposes of section 842AA(1) of the Income and Corporation Taxes Act 1988.

2.2 Words and expressions defined in or having a meaning provided by the Act as at the date of adoption of these Articles, shall have the same meaning in these Articles unless it is inconsistent with the context. The term "connected person" shall have the meaning attributed to it at the date of adoption of these Articles by section 839 Income and Corporation Taxes Act 1938 and the words "connected with" shall be construed accordingly.

2.3 A reference to any statutory provision in these Articles:-

2.3.1 includes any order, instrument, plan, regulation, permission and direction made or issued under such statutory provision or deriving validity from it;

2.3.2 shall be construed as a reference to such statutory provision as in force at the date of adoption of these Articles (including, for the avoidance of doubt, any amendments made to such statutory provision that are in force at the date of the adoption of these Articles); and

2.3.3 shall also be construed as a reference to any statutory provision of which such statutory provision is a re-enactment or consolidation.

2.4 References in these Articles to:-

2.4.1 any of the masculine, feminine and neuter genders shall (where appropriate) include other genders;

2.4.2 the singular shall (where appropriate) include the plural and *vice versa*;

2.4.3 a person shall (where appropriate) include a reference to any natural person, body corporate, unincorporated association, partnership, firm and trust;

2.4.4 "from time to time" shall include the expression "for the time being";

2.4.5 employees shall be deemed to include consultants, and references to contracts of employment and to commencement or cessation of employment shall be deemed to include contracts for consultancy and commencement or cessation of consultancy;

2.4.6 an "Investor Consent" or an "Investor Direction" shall mean the giving of a written consent or direction by the holders of not less than 75% in nominal value of the B Ordinary Shares in issue from time to time, provided that for so long as there is a Nominated Director, any such consent or direction required or permitted to be given by the Investor under these Articles shall be validly given if given by the Nominated Director; and

2.4.7 any class of Shareholder giving a written direction, written consent or written notice shall, unless these Articles expressly provide otherwise, mean the giving of such a direction, consent or notice by the holders of not less than 75% in nominal value of such class of Shares in issue from time to time.

2.5 The headings in these Articles are for convenience only and shall not affect their meaning and references to an "Article" are to an article of these Articles.

2.6 A reference in these Articles to the transfer of any Share shall mean the transfer of either or both of the legal and beneficial ownership in such Share and/or the grant of an option to acquire either or both of the legal and beneficial ownership in such Share and the following shall be deemed (but without limitation) to be a transfer of a Share:-

2.6.1 any direction (by way of renunciation or otherwise) by a Shareholder entitled to an allotment or issue of any Share that such Share be allotted or issued to some person other than himself;

2.6.2 any sale or other disposition of any legal or equitable interest in a Share (including any voting right attached thereto) and whether or not by the registered holder thereof and whether or not for consideration or otherwise and whether or not effected by an instrument in writing; and

2.6.3 any grant of a legal or equitable mortgage or charge over any Share.

2.7 In construing these Articles, general words introduced by the word "other" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

2.8 Where any Shares are held by a bare nominee for any person, that person shall be treated for the purposes of these Articles as the shareholder in respect of those Shares.

#### SHARE CAPITAL

3. The authorised share capital of the Company at the date of adoption of these Articles is £343,868.35, divided into:-

168,360 A Ordinary Shares;  
238,307 B Ordinary Shares;  
100 C Ordinary Shares; and  
323,530 Preference Shares.

#### SHARE RIGHTS

##### DIVIDEND RIGHTS

4.1 The rights as regards income attaching to each class of Shares shall be as set out in this Article.

4.2 The Company shall, without resolution of the Board or of the Company in general meeting and before application of any profits to reserve or for any other purpose, pay in respect of each Preference Share, a fixed cumulative preferential dividend at the annual rate of 8.0% of the Issue Price per share (net of any associated tax credit) which shall be paid annually on 30 September in each year to the person registered as the holder of such Preference Share at that date and which shall be calculated in respect of the period to such date on a daily basis assuming a 365 day year (the "Preference Dividend"). The first payment shall be made on 30 September 1999 for the period from and including the date of issue of such Preference Share to such date.

4.3 The C Ordinary Shares shall not entitle the holders thereof to a right to a dividend.

4.4 If the provisions of this Article apply and subject to Article 4.8 the Company shall, without resolution of the Board or of the Company in general meeting and before application of any profits to reserve or for any other purpose (save towards paying off all accruals and/or unpaid amounts of Preference Dividend), in relation to each financial year of the Company commencing on or after the relevant date specified in Article 7.6 pay in respect of the Issued D Ordinary Shares (as a class) a cumulative preferential dividend of an aggregate sum equal to 15% of the Profit after Tax for such financial year (the "Participating Dividend"). The Participating Dividend (if any) shall be payable on the fifteenth Business Day after the date of the Auditors' report relating to the Accounts for the relevant financial year and shall be payable to, and apportioned among, the holders (on the due date for payment) of D Ordinary Shares according to the number of such D Ordinary Shares held by them.

4.5 Each Cumulative Dividend shall be deemed to accrue from day to day as well after as before the commencement of a winding-up and shall therefore be payable by a liquidator in respect of any period after such commencement in priority to other claims or rights of Shareholders in respect of share capital.

4.6 Each Cumulative Dividend shall, provided the Company has sufficient Available Profits out of which to pay the same and notwithstanding that such dividend is expressed to be cumulative, automatically become a debt due from and immediately payable by the Company on the relevant payment date specified in Article 4.2. If and to the extent that the debt so constituted is not paid in full on the payment date concerned, the unpaid amount shall carry interest at the Interest Rate in respect of the period from and including the payment date concerned to the date of actual payment.

4.7 If the Company is unable to pay in full on the due date any Cumulative Dividend by reason of having insufficient Available Profits then it shall, subject to the order of priority set out in Article 4.8, on such date pay the same to the extent that it is lawfully able to do so and the unpaid amount shall carry interest at the Interest Rate in respect of the period from and including the payment date concerned down to and including the date of actual payment. Such interest shall accumulate and form part of the Cumulative Dividend to which it relates. It shall not therefore become payable until the Company has sufficient Available Profits with which to pay the relevant Cumulative Dividend.

4.8 Where by reason of the Company having had insufficient Available Profits it is in arrears with the payment of dividends, the first Available Profits arising thereafter shall be applied in the following order of priority:-

4.8.1 first, in or towards paying off all accruals and/or unpaid amounts of Preference Dividend;

4.8.2 second, in or towards redeeming all Preference Shares which have not been redeemed on or by the due date for redemption in accordance with Article 8; and

4.8.3 third, in or towards paying off all accruals and/or unpaid amounts of Participating Dividend (if any).

4.9 Subject to (i) Article 4.8, (ii) the Board recommending payment of the same and (iii) Investor Consent, any further Available Profits which the Company may determine to distribute in respect of any financial year shall be distributed amongst the holders of the Ordinary Shares (*pari passu* as if the same constituted one class of share) (the "Ordinary Dividend") according to the amount paid up or credited as paid up on each such Ordinary Share.

4.10 For so long as there are D Ordinary Shares in issue, the Company shall direct the Auditors to prepare (at the Company's expense) a certificate stating the Profit after Tax for each financial year of the Company commencing on or after the relevant date specified in Article 7.6 at the same time as the Accounts for that year are being audited. The Company shall cause a copy of

such certificate to be delivered with the Accounts for the relevant financial year to every holder of D Ordinary Shares. The certificate of the Auditors (acting as experts and not as arbitrators) as to the amount of the Profit after Tax in any financial year shall (except in the case of manifest error) be conclusive, final and binding on the Company and the Shareholders.

4.11 In these Articles "Profit after Tax" shall mean the amount of the profit/(loss) of the Group for the financial year in question (as disclosed by the Accounts):-

4.11.1 before any provision or reserve shall have been made for or in respect of:-

(a) the payment of any dividend or other distribution on or in respect of any Shares or the transfer of any sum to reserves; and

(b) the amortisation or writing-off of goodwill arising on consolidation;

4.11.2 after provision shall have been made for corporation tax (or any other tax levied upon or measured by reference to profits) on the profits earned by the Group.

4.12 The Company shall procure that each of its subsidiaries and (so far as it is able) each of its subsidiary undertakings which has Available Profits shall from time to time declare and pay to the Company (or, as the case may be, the relevant Group Company that is its immediate holding company or parent undertaking) such dividends as are necessary to permit lawful and prompt payment by the Company of the Cumulative Dividends.

4.13 In Regulation 103, the words from "If the share capital is divided" to the end of the Regulation shall be deleted.

4.14 The entitlement of any shareholder to distributions pursuant to these Articles shall automatically reduce to the extent that, in the absence of such reduction, any of the B Ordinary Shares or the C Ordinary Shares, if at that time a "Qualifying Holding" would cease to be a "Qualifying Holding". If as a result of this Article 4.14 the entitlement to distributions of any holders of the Shares is reduced the amount of such reduction not paid to any holders of Shares as a result of this Article 4.14 shall be distributed amongst the other holders of Shares (pari passu as if the same constituted one class of Shares) rateably in proportion to the number of Shares held by them respectively.

#### RETURN OF CAPITAL RIGHTS

5.1 The rights as regards return of capital attaching to each class of Shares shall be as set out in this Article.

5.2 On a return of capital on liquidation or otherwise (except on a redemption or purchase by the Company of any Shares), the surplus assets of the Company remaining after the payment of its liabilities (including for the avoidance of doubt any debts arising from non-payment of Preference Dividends) shall be applied in the following order of priority:-

5.2.1 first, in paying to each holder of Preference Shares in respect of each Preference Share of which it is the holder, an amount equal to (i) 140% of the Issue Price thereof and (ii) the aggregate amount of any accruals and/or unpaid amounts of Preference Dividend (to be calculated down to and including the date of the return of capital and to be payable irrespective of whether such dividend would be unlawful by reason of there being insufficient Available Profits);

5.2.2 the balance of such assets (if any) shall be distributed amongst the holders of the A Ordinary Shares and the B Ordinary Shares (*pari passu* as if the same constituted one class of Shares) according to the amount paid up or credited as paid up on each such Share or, following conversion of the B Ordinary Shares pursuant to Article 7 (Conversion Rights), amongst the holders of the A Ordinary Shares according to the amount paid up or credited as paid up on each such Share.

5.3 The entitlement of any holder of Shares to any amounts under Article 5.2 shall automatically reduce to the extent that, in the absence of such reduction, any of the B Ordinary Shares, if at that time a "Qualifying Holding", would cease to be a "Qualifying Holding." If as a result of this Article 5.3 the entitlement of any holder of Shares to any amounts under Article 5.2 is reduced, the amount of such reduction shall, subject to the terms of this Article 5.3, be distributed amongst the other holders of Shares (*pari passu* as if the same constituted one class of Shares) rateably in proportion to the number of Shares held by them respectively.

5.4 The holders of C Ordinary Shares (or the D Ordinary Shares into which such C Ordinary Shares have converted pursuant to Article 7.6) shall be entitled to receive 0.01p for each Share of which they are the holders on a return of capital on liquidation or otherwise (except on a redemption or purchase by the Company of any Shares).

#### VOTING RIGHTS

6.1 The voting rights attached to each class of Shares shall be as set out in this Article:-

6.1.1 on a show of hands, every Shareholder holding one or more A or B Ordinary Shares or, who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote; and

6.1.2 on a poll, every Shareholder holding one or more A or B Ordinary Shares, who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote for each Share of which he is the holder.

6.2 The Preference Shares, C Ordinary Shares and D Ordinary Shares will entitle the holders thereof to receive notice of all general meetings but will not entitle the holders to attend or vote at any general meeting.

6.3 The provisions of Article 6.4 shall apply if at any time (without Investor Consent):-

6.3.1 any holder of A Ordinary Shares is in material breach or causes or participates in causing the Company to be in material breach of the provisions of these Articles and/or the Investment Agreement; or

6.3.2 any person becomes a Leaver.

6.4 If the provisions of this Article apply:-

6.4.1 the Shares which such person holds or to which he is entitled;

6.4.2 any Shares formerly held by such person which have been transferred either in breach of the provisions of these Articles or in accordance with Article 12 (Permitted Transfers); and

6.4.3 any Shares which would be Leaver's Shares if such person became a Leaver

shall immediately cease to entitle the holders thereof to attend and vote (whether on a show of hands or on a poll) at any general meeting or at any separate class meeting of the Company, provided that no person shall be entitled as a result of the application of this Article 6.4 to be entitled to or to exercise voting rights (whether on a show of hands or on a poll and whether exercisable at any general meeting or separate class meeting of the Company) which would cause any of the B Ordinary Shares, if at that time a "Qualifying Holding" to cease to be a "Qualifying Holding" but provided always that the holders of the B Ordinary Shares shall be entitled to and shall be entitled to exercise not less than one vote for each Share on a poll.

6.5 The provisions of Article 6.4 shall continue:-

6.5.1 in the case of Article 6.3.1, for so long as such breach subsists; or

6.5.2 in the case of Article 6.3.2, until such time as the provisions of Article 14 (Leavers) cease to apply.

6.6 The provisions of Article 6.7 shall apply if at any time (without Investor Consent):-

6.6.1 after the second anniversary of the date of adoption of the Articles the Company has not paid any Cumulative Dividend within 15 Business Days of the due date (irrespective of whether such dividend would be unlawful);

6.6.2 the Company has not redeemed any Preference Shares in accordance with the requirements of Article 8 (Redemption Rights) within 15 Business Days of the due date (irrespective of whether such redemption would be unlawful);

6.6.3 there has been proposed a resolution for the winding up of the Company, a resolution for a reduction in the capital of the Company or a resolution varying any of the rights attaching to the B Ordinary Shares or Preference Shares;

6.6.4 the Company is in material breach of the provisions of these Articles and/or the Investment Agreement; or

6.6.5 the Company fails to pay any principal monies, interest or redemption premium on any of the Loan Notes within one month after the due date for payment thereof.

6.7 If the provisions of this Article 6.7 apply then the A Ordinary Shares shall cease to entitle each holder thereof to vote (whether on a show of hands or on a poll) at any general meeting of the Company (such holder still being entitled to attend any such general meeting).

6.8 The provisions of Article 6.7 shall:-

6.8.1 in the case of Article 6.6.1, continue until due payment has been made of all accruals and/or unpaid amounts of any Cumulative Dividend;

6.8.2 in the case of Article 6.6.2, continue until the Preference Shares required to be redeemed have been so redeemed;

6.8.3 in the case of Article 6.6.3, only apply in relation to such resolution as is there mentioned; and

6.8.4 in the case of Articles 6.6.4 and 6.6.5, continue for so long as such breach subsists.

#### CONVERSION RIGHTS

7.1 In these Articles, "Conversion Event" shall mean any one of the following events:-

7.1.1 the obtaining of a Quotation;

7.1.2 the entering into of an unconditional agreement for a Sale; or

7.1.3 where an agreement for a Sale is conditional in any respect, that agreement becoming unconditional in all respects.

7.2 As soon as practicable before a Conversion Event, the Company shall give written notice to each holder of B Ordinary Shares, C Ordinary Shares (if any) and D Ordinary Shares (if any) falling to be converted of the date on which conversion is expected to be made and the place at which the certificates in respect of such Shares are to be presented.

7.3 Immediately prior to a Conversion Event, each B Ordinary Share, C Ordinary Share (if any)



and D Ordinary Share (if any) then in issue shall be converted into one A Ordinary Share in such lawful manner and upon such terms and conditions as may be specified in an Investor Direction.

7.4 The A Ordinary Shares resulting from the conversion shall for purposes of dividend, voting and return of capital be identical in all respects, form one class with, have the same nominal value as and (for all purposes) rank *pari passu* with the other A Ordinary Shares then in issue.

7.5 The provisions of Articles 7.6 and 7.7 shall apply in the event that:-

7.5.1 a Conversion Event has not taken place before the seventh anniversary of the date of adoption of these Articles;

7.5.3 the holders of the C Ordinary Shares have given notice to the Company that they wish the provisions of Article 7.6 to apply.

7.6 If the provisions of this Article apply, each C Ordinary Share then in issue shall immediately be converted into one D Ordinary Share in such lawful manner and upon such terms and conditions as may be specified in an Investor Direction, the date of conversion being the "relevant date" for the purposes of Article 4.

7.7 Immediately following a conversion of C Ordinary Shares pursuant to Article 7.6, the provisions of Article 4.3 with respect to the payment of a Participating Dividend shall take effect. The D Ordinary Shares resulting from such conversion shall for the purposes of dividend, voting and return of capital have the rights set out in these Articles.

#### REDEMPTION RIGHTS

8.1 Subject to Article 8.6, the Preference Shares may be redeemed by the Company in whole or in part at any time after the second anniversary of the date of adoption of these Articles (subject to payment of the premium set out in Article 8.10.1) but shall in any event, subject to the Act, be redeemed as follows:-

8.1.1 the Company shall redeem:-

(a) 176,471 of the Preference Shares then in issue, on 30 September 2002;

(b) a further 58,824 of the Preference Shares then in issue (if any), on 30 September 2002; and

(c) all of the Preference Shares then in issue (if any), on 30 September 2003;

8.1.2 the Company shall (unless directed to the contrary by an Investor Direction) redeem all the Preference Shares then in issue immediately prior to either a Sale or a Quotation.

8.2 Where Preference Shares are to be redeemed in accordance with Article 8.1, the Company shall give to the holders of the Preference Shares falling to be redeemed 14 days prior notice in writing of the redemption (a "Company Redemption Notice"). The Company Redemption Notice shall specify the particular Preference Shares to be redeemed and the date fixed for redemption (which, in the case of a redemption pursuant to Article 8.1.2, shall be the expected date for redemption) and shall be given not less than 20 nor more than 28 Business Days prior to the date fixed for redemption. In the case of a redemption pursuant to Article 8.1.2, the Company Redemption Notice shall be conditional on such Sale or Quotation occurring within one month of the date fixed for redemption, failing which the Company Redemption Notice shall be revoked.

8.3 Notwithstanding Article 8.1, the holders of the Preference Shares may require the Company, by serving on it a notice (a "Shareholder Redemption Notice"), to redeem such amount of Preference Shares as is specified in the Shareholder Redemption Notice if, at any time:-

8.3.1 the Company has not paid the Preference Dividend within 15 Business Days of the due date (irrespective of whether such dividend would be unlawful);

8.3.2 the Company has not redeemed any Preference Shares in accordance with the requirements of this Article within 15 Business Days of the due date (irrespective of whether such redemption would be unlawful);

8.3.3 there has been proposed a resolution for the winding up of the Company, a resolution for a reduction in the capital of the Company or a resolution varying any of the rights attaching to the B Ordinary Shares or Preference Shares;

8.3.4 the Company is in material breach of the provisions of these Articles and/or the Investment Agreement; or

8.3.5 the Company fails to pay any principal monies, redemption premium or interest on any of the Loan Notes within one month after the due date for payment thereof.

8.4 The holders of the Preference Shares shall be entitled to withdraw the Shareholder Redemption Notice if they serve the Company with written notice to that effect before the redemption takes place.

8.5 Where a Shareholder Redemption Notice has been duly given, the Company shall be obliged, subject to having sufficient Available Profits with which to redeem the same, to redeem

the Preference Shares specified in the Shareholder Redemption Notice on the tenth Business Day following the receipt of such notice (which day shall be the date fixed for redemption).

8.6 If the Company is unable, because of having insufficient Available Profits to redeem in full the relevant number of Preference Shares on the date fixed for redemption, the Company shall redeem as many of such Preference Shares as can lawfully and properly be redeemed and the Company shall redeem the balance as soon as it is lawfully and properly able to do so.

8.7 If the Company is at any time redeeming less than all the Preference Shares for the time being in issue, the number of Preference Shares to be redeemed shall (subject to any contrary requirement in a Shareholder Redemption Notice) be apportioned between those holders of the Preference Shares then in issue *pro rata* according to the number of Preference Shares held by them respectively at the date fixed for redemption.

8.8 On the date fixed for redemption, each of the holders of the Preference Shares falling to be redeemed shall be bound to deliver to the Company, at the Company's registered office, the certificate(s) for such Preference Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate) in order that the same may be cancelled. Upon such delivery, the Company shall pay to the holder (or, in the case of any joint holders, to the holder whose name stands first in the Company's register of members in respect of such Shares) the amount due to it in respect of such redemption against delivery of a proper receipt for the redemption monies.

8.9 If any certificate delivered to the Company pursuant to Article 8.8 includes any Preference Shares not falling to be redeemed on the date fixed for redemption, a new certificate in respect of those Shares shall be issued to the holder(s) thereof as soon as practicable thereafter (and, in any event, within 20 Business Days thereafter).

8.10 There shall be paid on the redemption of each Preference Share an amount equal to:-

8.10.1 130% of the Issue Price thereof in respect of any Preference Shares redeemed otherwise than pursuant to either Article 8.1.1 or Article 8.1.2;

8.10.2 130% of the Issue Price thereof in respect of the redemption of 176,471 of the Preference Shares falling to be made on 30 September 2002 pursuant to Article 8.1.1(a);

8.10.3 120% of the Issue Price thereof in respect of the redemption of the further

58,824 of the Preference Shares falling to be made on 30 September 2002 pursuant to Article 8.1.1(b) if applicable;

8.10.4 130% of the Issue Price thereof in respect of the redemption of the Preference Shares falling to be made on 30 September 2003 pursuant to Article 8.1.1(c) if applicable;

8.10.5 130% of the Issue Price thereof in the case of a redemption of the Preference Shares pursuant to Article 8.1.2 if the Conversion Event falls within the period of one year after the date of adoption of the Articles (and in the case of a redemption of the Preference Shares pursuant to Article 8.1.2 the percentage premium shall increase by 10% on the anniversary of the date of adoption of the Articles and on each anniversary thereafter); and

8.10.6 all accruals and/or unpaid amounts of Preference Dividend in respect thereof, calculated down to and including the date of actual payment

and such aggregate amount shall, subject to the Company having Available Profits or other monies which may be lawfully applied for such redemption, at that time become a debt due from and immediately payable by the Company to the holders of such Preference Shares. If and to the extent that the debt so constituted is not paid in full on the due date, the unpaid amount shall carry interest at the Interest Rate in respect of the period from and including the due date down to and including the date of actual payment.

8.11 If the Company fails or is unable to redeem any of the Preference Shares in full on the date due for redemption for any reason whatsoever, all Available Profits (or other monies which may lawfully be applied for the purpose of redeeming Shares) shall be applied in the order of priority specified in Article 4.8.

#### RIGHTS ON SALE

9. In the event of a Sale then, notwithstanding anything to the contrary in the terms and conditions governing such Sale, upon an Investor Direction, the selling Shareholders immediately prior to such Sale shall procure that the consideration (whenever received) shall be placed in a designated trustee account and shall be distributed amongst such selling Shareholders in such amounts and in such order of priority as would be applicable on a return of capital (pursuant to Article 5 (Return of Capital Rights)).

**LIEN**

10. The lien conferred by Regulation 8 shall attach to all Shares of any class, 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 two or more joint holders. Regulation 8 shall be modified accordingly.

**SHARE TRANSFERS****PROHIBITED TRANSFERS**

11. Any person who holds, or becomes entitled to, any Share (other than an Investor) shall not without Investor Consent:-

11.1 serve a Transfer Notice under Article 13 (Pre-emption);

11.2 effect a transfer, except a transfer in accordance with Article 12 (Permitted Transfers), Article 13 (Pre-emption), Article 14 (Leavers), Article 16 (Come Along) or Article 17 (Tag Along) of such Shares; or

11.3 effect a transfer of C Ordinary Shares or D Ordinary Shares.

**PERMITTED TRANSFERS**

12.1 Notwithstanding the provisions of Article 13 (Pre-emption):-

12.1.1 any Shareholder may at any time transfer any Share to a Family Member over the age of 18 or to the trustees of a Family Trust;

12.1.2 any Shareholder who is a trustee of a Family Trust may at any time transfer any Share to:-

(a) the new or remaining trustees of the Family Trust upon any change of trustees; and

(b) any persons on their becoming entitled to the same under the terms of the Family Trust;

12.1.3 any Shareholder who is an Investor may at any time transfer any Share:-

(a) to another Investor;

(b) to another member of that Investor's Investor Group;

(c) to any person who becomes a manager or adviser of a company, fund or partnership in place of, or in addition to, such transferor;

(d) to any person who becomes a general partner, nominee or trustee for a limited partnership, unit trust or investment trust in place of, or in addition to, such transferor;

(e) to the partners of a limited partnership (or their nominees) or to the holders of units in a unit trust (or their nominees) on a distribution in kind or otherwise under the relevant partnership agreement or trust deed;

(f) to any investment trust (as defined in the Listing Rules of the London Stock Exchange) whose shares are listed on a recognised investment exchange and which is also managed by the manager of such Shareholder;

12.1.4 any Shareholder holding Shares as a result of a transfer made after the date of the adoption of these Articles by a person in relation to whom such Shareholder was a permitted transferee may at any time transfer any Share to the person who originally transferred such Shares (or to any other permitted transferee of such original transferor).

#### PRE-EMPTION

13.1 Except in the case of a transfer pursuant to Article 12 (Permitted Transfers), Article 14 (Leavers), Article 16 (Come Along) or Article 17 (Tag Along), a Shareholder who wishes to transfer any Shares (the "Seller") shall give notice in writing of such wish to the Company (the "Transfer Notice") copied to each Investor. Each Transfer Notice shall:-

13.1.1 relate to one class of Shares only;

13.1.2 specify the number and class of Shares which the Seller wishes to transfer (the "Sale Shares");

13.1.3 specify the identity of any person to whom the Seller wishes to transfer the Sale Shares (the "Proposed Transferee");

13.1.4 specify the price per Shares (the "Sale Price") at which the Seller wishes to transfer the Sale Shares;

13.1.5 be deemed to constitute the Company the Seller's agent for the sale of the Sale Shares at the Sale Price in the manner prescribed by these Articles; and

13.1.6 not be varied or cancelled (without Investor Consent).

13.2 The Seller may provide in the Transfer Notice that unless buyers are found for all or not less than a specified number of the Sale Shares, he shall not be bound to transfer any of such

Shares ("Minimum Transfer Condition") and any such provision shall be binding on the Company. Notwithstanding the other provisions of this Article, if the Transfer Notice contains a Minimum Transfer Condition the Company may not make any allocation of Sale Shares unless and until it has found buyers for the minimum number specified in the Minimum Transfer Condition.

13.3 The Company shall within sixteen Business Days following receipt of the Transfer Notice give notice in writing to each of the Shareholders offering for sale the Sale Shares at the Sale Price. The notice shall specify that the Shareholders shall have a period of twenty five Business Days from the date of such notice within which to apply for some or all of the Sale Shares. As regards acceptances, the Sale Shares shall be treated as having been offered, first, to all persons (other than the Seller) holding Shares of the same class as the Sale Shares in priority to all other classes of Shareholder and thereafter, to the extent that such offer is not accepted by such persons, the Sale Shares shall be treated as having been offered to all of the Shareholders holding the classes of Shares shown in the line relevant to the class of Sale Shares in columns (2) and (3) of the table below in that order of priority:-

Table:-

(1)	(2)	(3)
Sale Shares	Offered second to	Offered third to
A Ordinary	B Ordinary	Preference
B Ordinary	Preference	A Ordinary
Preference	B Ordinary	A Ordinary

13.4 The Sale Shares shall be offered to each class of Shareholder on terms that, in the event of competition, the Sale Shares offered shall be allocated to the Shareholders accepting the offer in proportion (as nearly as may be) to their existing holdings of shares of the class to which the offer is made (the "Proportionate Allocation"). However, in his application for Sale Shares a Shareholder may, if he so desires, indicate that he would be willing to purchase a particular number of Shares in excess of his Proportionate Allocation ("Extra Shares").

13.5 Upon the allocation of all the Sale Shares (or, if earlier, upon the expiry of the offers made pursuant to Article 13.3), the Company shall, in respect of each of the categories of offeree referred to in Article 13.3, allocate the Sale Shares as follows:-

13.5.1 if the total number of Sale Shares applied for is equal to or less than the available number of Sale Shares, each Shareholder shall be allocated the number applied for in accordance with his application; or

13.5.2 if the total number of Sale Shares applied for is greater than the available

number of Sale Shares, each Shareholder shall be allocated his Proportionate Allocation or such lesser number of Sale Shares for which he has applied and applications for Extra Shares shall be allocated in accordance with such applications or, in the event of competition, among those Shareholders applying for Extra Shares in such proportions as equal (as nearly as may be) the proportions of all the Shares of the same class held by such Shareholders.

13.6 Allocations of Sale Shares made by the Company pursuant to this Article shall constitute the acceptance by the persons to whom they are allocated of the offer to purchase those Sale Shares on the terms offered to them, provided that no person shall be obliged to take more than the maximum number of Sale Shares that he has indicated to the Company he is willing to purchase.

13.7 The Company shall forthwith upon allocating any Sale Shares give notice in writing (a "Sale Notice") to the Seller and to each person to whom Sale Shares have been so allocated of the number of Sale Shares so allocated and the aggregate price payable therefor. Completion of the sale and purchase of those Sale Shares in accordance with the Sale Notice shall take place within five Business Days after the date of the Sale Notice whereupon the Seller shall, upon payment of the price due in respect thereof, transfer those Sale Shares specified in the Sale Notice to the persons to whom they have been allocated and deliver the relevant share certificates.

13.8 Save in the case of an acquisition of Sale Shares by the Company, if the Seller defaults in transferring any Sale Shares pursuant to Article 13.7, the Company may receive such purchase money and may nominate some person to execute an instrument of transfer of such Sale Shares in the name and on behalf of the Seller and thereafter, when such instrument has been duly stamped, the Company shall cause the name of the proposed transferee to be entered in the register of members as the holder of such Sale Shares and shall hold the purchase money on trust (without interest) for the Seller. The receipt of the Company for the purchase money shall be a good discharge to the proposed transferee (who shall not be bound to see to the application thereof) and, after his name has been so entered in the register of members, the validity of the proceedings shall not be questioned by any person. In the case of an acquisition of Sale Shares by the Company, if the Seller defaults in transferring any Sale Shares pursuant to Article 13.7, the Company may, when such instrument has been duly stamped, cause such share capital to be cancelled in accordance with the Act and shall hold the purchase money on trust (without interest) for the Seller.

13.9 If all the Sale Shares are not sold under the pre-emption provisions contained in Articles 13.1 to 13.8 (inclusive), the Company shall (forthwith upon the exhaustion of such provisions) so notify the Seller and the Seller may at any time, within three calendar months after receiving such notification, transfer to the Proposed Transferee any unsold Sale Shares at any price not less than the Sale Price, provided that:-

13.9.1 the Investor may (by Investor Direction) require the Company to refuse registration of any proposed transferee if the Investor reasonably believes the proposed



transferee to be a competitor of the Group or a person connected with such a competitor (or a nominee of either);

13.9.2 if the Sollar stipulated in the Transfer Notice a Minimum Transfer Condition which has not been satisfied, the Seller shall not be entitled to sell any Sale Shares;

13.9.3 any such sale shall be a sale in good faith and the Investor may require to be satisfied (in such manner as it may reasonably think fit) that the Sale Shares are being sold for not less than the Sale Price without any deduction, rebate or allowance whatsoever and if not so satisfied may (by Investor Direction) require the Company to refuse to register the transfer.

#### LEAVERS

14.1 The provisions of this Article shall apply to any Leaver and to any Leaver's Shares.

14.2 In these Articles:-

14.2.1 a "Relevant Employee" shall mean:-

- (a) an employee of any Group Company; and/or
- (b) a director of any Group Company (other than a Nominated Director).

14.2.2 a "Leaver" shall mean:-

- (a) any Shareholder who ceases to be a Relevant Employee;
- (b) any Shareholder who is a Family Member of any person who ceases to be a Relevant Employee where the Shareholder is not and does not continue to be a Relevant Employee;
- (c) any Shareholders which are the trustees of a Family Trust of any person who ceases to be a Relevant Employee;
- (d) any Shareholder who ceases to be the spouse of a Relevant Employee; or
- (e) any person who becomes entitled to any Shares:-
  - (i) on the death of a Shareholder; or
  - (ii) on the bankruptcy of a Shareholder (if an individual) or the receivership, administrative receivership, administration, liquidation or other arrangement for the winding-up (whether solvent or insolvent) of a Shareholder (if a company) becomes entitled to any Shares.

14.3 Within the period commencing on the relevant Leaving Date and expiring at midnight on the first anniversary of such date, the Investors may direct the Company by an Investor Direction immediately to serve a notice on the Leaver notifying him that he is, with immediate effect, deemed to have served one or more Transfer Notices in respect of such number and class of his Leaver's Shares as is specified in the Investor Direction.

14.4 The provisions of Articles 13.3 to 13.8 (inclusive) shall apply to any such Transfer Notice, provided that for these purposes:-

14.4.1 the Sale Shares shall comprise the above-mentioned Shares;

14.4.2 no Proposed Transferee shall be specified in the Transfer Notice;

14.4.3 the Sale Price shall be determined by Article 14.5;

14.4.4 there shall be no Minimum Transfer Condition; and

14.4.5 references to "receipt of Transfer Notice" in Article 13.3 shall be replaced by "the date of determination of the Fair Price" if a Fair Price fails to be determined.

14.5 The Sale Price shall be:-

14.5.1 in the case of a Good Leaver, Issue Price or, if higher, Fair Price;

14.5.2 in the case of a Bad Leaver, Issue Price or, if the Company is directed by an Investor Direction, the lower of Issue Price and Fair Price.

14.6 In these Articles:-

14.6.1 a Shareholder shall be deemed to be a "Good Leaver" in circumstances where the relevant person:-

(a) ceases to be employed by any Group Company as a result of a subsidiary of the Company ceasing to be a subsidiary of the Company;

(b) dies;

(c) suffers a physical or mental deterioration which, in the reasonable opinion of the Investor (having received independent medical advice), is sufficiently serious to prevent the individual from following his normal employment or which seriously prejudices his earning capacity;

(d) retires at normal retirement age; or

(e) is so designated by an Investor Direction.

14.6.2 a Shareholder shall be deemed to be a "Bad Leaver" in circumstances where the relevant person is not deemed to be a Good Leaver;

14.6.3 the "Fair Price" shall be such price as the transferor and (with Investor Consent) the Company shall agree within ten Business Days of the date of the deemed Transfer Notice or, failing such agreement, such price as the Auditors shall determine pursuant to Article 14.7.

14.7 If the Fair Price falls to be determined by the Auditors:-

14.7.1 the Company shall immediately instruct the Auditors to determine the Fair Price on the basis which, in their opinion, represents a fair price for the Leaver's Shares at the Leaving Date as between a willing seller and a willing buyer and, in making such determination, the Auditors shall not take account of whether the Leaver's Shares comprise a majority or minority interest in the Company and the fact that their transferability is restricted by these Articles;

14.7.2 the Auditors shall certify the Fair Price as soon as possible after being instructed by the Company and in so certifying the Auditors shall be deemed to be acting as experts and not arbitrators and the Arbitration Act 1996 shall not apply;

14.7.3 the certificate of the Auditors shall, in the absence of manifest error, be final and binding; and

14.7.4 the Company shall procure that any certificate required hereunder is obtained with due expedition and the cost of obtaining such certificate shall be borne by the Company unless (i) such an arrangement would not be permitted by the Act or (ii) the Fair Price as determined by the Auditors is the same, or substantially the same, as that (if any) which the Company had previously notified to the Leaver as being in its opinion the Fair Price, in which event the cost shall be borne by the Leaver.

14.8 Notwithstanding any other provision in these Articles, if the Leaver is a Good Leaver, the maximum number of Shares in respect of which a notice may be served in accordance with Article 14.3 shall be reduced by 25% in number in respect of the total number of shares held by him as at the date he became a Leaver for each period of 1 year which has elapsed from the date which is the later of

14.8.1 the date of adoption of these Articles; and

14.8.2 the date on which such Leaver first held Shares in the Company

such that if he became a Leaver at any time on or after the fourth anniversary of the later of such dates the Investors shall not be entitled to direct the Company to serve a notice in

accordance with Article 14.3 in respect of any of his Shares.

#### COMPLIANCE

15.1 For the purpose of ensuring compliance with the transfer provisions of these Articles, the Company shall immediately on an Investor Direction and may with Investor Consent require any Leaver or other Shareholder to procure that:-

15.1.1 he; or

15.1.2 any proposed transferee; or

15.1.3 such other person as is reasonably believed to have information and/or evidence relevant to such purpose;

provides to the Company any information and/or evidence relevant to such purpose and until such information and/or evidence is provided:-

(a) the Company shall refuse to register any relevant transfer (otherwise than with an Investor Consent); and/or

(b) if such Shareholder is not a Leaver, he shall (upon an Investor Direction) forthwith be treated as a Leaver.

15.2 Each Shareholder hereby irrevocably appoints the Company as his attorney (with the power to appoint any member of the Board as a substitute and to delegate to that substitute all or any powers hereby conferred, other than this power of substitution, as if he had been originally appointed by this Power of Attorney) to give effect to the provisions of these Articles.

#### COME ALONG

16.1 In these Articles a "Qualifying Offer" shall mean an offer in writing by or on behalf of any person (the "Offeror") to the holders of the entire equity share capital in the Company to acquire all their equity share capital for a specified amount of consideration.

16.2 If the holders of not less than 85% in nominal value of the B Ordinary Shares then in issue (the "Accepting Shareholders") wish to accept the Qualifying Offer, then the provisions of this Article shall apply.

16.3 The Accepting Shareholders shall give written notice to the remaining holders of the equity share capital (the "Remaining Shareholders") of their wish to accept the Qualifying Offer and the Remaining Shareholders shall (provided that the Accepting Shareholders accept the Qualifying Offer) become bound to accept the Qualifying Offer.

16.4 If any Remaining Shareholder shall not, within five Business Days of being required to do

so, execute and deliver transfers in respect of the equity shares held by him and deliver the certificate(s) in respect of the same (or a suitable indemnity in lieu thereof), then any Accepting Shareholder shall be entitled to, and shall be entitled to authorise and instruct such person as he thinks fit to, execute the necessary transfer(s) and indemnities on the Remaining Shareholder's behalf and, against receipt by the Company (on trust for such Shareholder) of the consideration payable for the relevant Shares, deliver such transfer(s) and certificate(s) or indemnities to the Offeror (or his nominee) and register such Offeror (or his nominee) as the holder thereof and, after such registration, the validity of such proceedings shall not be questioned by any person.

16.5 As security for the obligations in this Article, each Shareholder irrevocably appoints each holder from time to time of equity share capital in the Company as its attorney to execute and do all such deeds, documents and things in the name of and on behalf of such Shareholder as may reasonably be required to give full effect to the provisions of this Article.

#### TAG ALONG

17.1 If at any time one or more Shareholders (the "Proposed Sellers") propose to sell, in one or a series of related transactions, a majority in nominal value of the B Ordinary Shares (the "Majority Holding") to any person (not being an Offeror for the purposes of Article 16.1), the Proposed Sellers may only sell the Majority Holding if they comply with the provisions of this Article.

17.2 The Proposed Sellers shall give written notice (the "Proposed Sale Notice") to the other holders of the equity share capital in the Company of such intended sale at least 10 Business Days prior to the date thereof. The Proposed Sale Notice shall set out, to the extent not described in any accompanying documents, the identity of the proposed buyer (the "Proposed Buyer") the purchase price and other terms and conditions of payment, the proposed date of sale (the "Proposed Sale Date") and the number of shares proposed to be purchased by the Proposed Buyer (the "Proposed Sale Shares").

17.3 Any other holder of equity share capital in the Company shall be entitled, by written notice given to the Proposed Sellers within 5 Business Days of receipt of the Proposed Sale Notice, to sell such percentage of his shares as is equal to the percentage of the entire equity share capital in the Company represented by the Majority Holding to the Proposed Buyer on the same terms and conditions as those set out in the Proposed Sale Notice.

17.4 If any other holder of equity share capital in the Company is not given the rights accorded him by the provisions of this Article, the Proposed Sellers shall be required not to complete their sale and the Company shall be bound to refuse to register any transfer intended to carry such a sale into effect.

## SHAREHOLDER MEETINGS

### ANNUAL GENERAL MEETINGS

18.1 The Board shall procure that the Annual General Meeting in respect of each financial year of the Company shall be convened to take place not later than 30 Business Days after the date of the Auditors' report relating to the Accounts for the relevant financial year.

18.2 The Board shall cause to be laid before each such Annual General Meeting the Accounts for the relevant financial year, together with the respective reports thereon of the directors and the Auditors.

### PROCEEDINGS OF SHAREHOLDERS

19.1 No business shall be transacted at any general meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business and, subject to Article 18.2, for its duration. Three persons entitled to vote upon the business to be transacted, each being a Shareholder or a proxy for a Shareholder or a duly authorised representative of a corporation (and at least one of which shall be a holder of, or proxy for, or a duly authorised representative of, a holder of a B Ordinary Share), shall be a quorum.

19.2 If within half an hour from the time appointed for the meeting a quorum is not present, or if during a meeting a quorum ceases to be present for a period exceeding 10 minutes, the meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such other time and place as the Shareholders present may decide and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Shareholder or Shareholders present shall constitute a quorum.

19.3 A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands, a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded at any general meeting by the Chairman, or by any Shareholder present in person or by proxy and entitled to vote or by a duly authorised representative of a corporation which is a Shareholder entitled to vote.

19.4 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notari ally or in some other way approved by the Board must be delivered to the registered office of the Company not less than 48 hours before the time appointed for the holding of the meeting or to the place of the meeting at any time before the time appointed for the holding of the meeting and Regulation 62 shall be modified accordingly.

19.5 When a poll has been demanded it shall be taken immediately following the demand.

19.6 The Chairman of the meeting shall not, in the case of an equality of votes, whether on a show of hands or on a poll, be entitled to exercise any second or casting vote.

19.7 With respect to any such resolution in writing as is referred to in Regulation 53, in the case of a corporation which holds a Share, the signature of any director or the secretary thereof shall be sufficient for the purposes of Regulation 53.

19.8 The provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, with the necessary changes being made, apply to every separate meeting of the holders of any class of Shares, except that the necessary quorum shall be two persons holding or representing by proxy at least one third in nominal amount of the issued shares of that class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present then the provisions of Article 19.2 shall apply).

#### DIRECTORS

##### NOMINATED DIRECTOR

20.1 The Investor, for so long as it is the registered holder of not less than 10 per cent. (10%) of the equity share capital of the Company for the time being in issue and/or the principal amount (or part thereof) of any of the Loan Notes held by the Investor and/or of any loan of whatever kind from the Investor to the Company, or any interest in respect of the same, is outstanding, shall have the right at any time and from time to time to appoint one person to be a director of the Company and the same person to be a director of each subsidiary and each subsidiary undertaking of the Company (the "Nominated Director") and, in relation to such right, the following provisions shall have effect:-

20.1.1 any such appointment shall be effected by notice in writing to the relevant Group Company signed by such holders who may in like manner at any time and from time to time remove from office any director so appointed and appoint any person in place of any director so removed or otherwise vacating office;

20.1.2 each such appointment and removal shall take effect forthwith upon such notice being served on the Company and the provisions of Regulation 76 shall be read subject to this Article 20; and

20.1.3 only the B Ordinary Shares shall confer upon the holders thereof the right to vote upon any resolution pursuant to section 303 of the Act for the removal of any Nominated Director for the time being holding office pursuant to this Article.

20.2 Notice of meetings of directors shall be served on each Nominated Director at the address notified by him to the Company for this purpose whether he shall be present in or absent from the United Kingdom and if he has appointed an alternate director on such alternate director at the address notified by such alternate director to the Company.

##### NUMBER OF DIRECTORS

21. The number of directors (including the Nominated Director but excluding alternate directors)

shall not be less than two in number.

#### ALTERNATE DIRECTORS

22.1 A director (other than an alternate director) may appoint any other director or (in the case of a Nominated Director) any other person whomsoever, to be an alternate director and may remove from office an alternate director so appointed.

22.2 A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.

22.3 Any director who is appointed an alternate director shall be entitled to vote at a meeting of the Board on behalf of the director so appointing him in addition to being entitled to vote in his own capacity as a director and shall also be considered as two directors for the purpose of making a quorum of directors unless he is the only individual present.

#### PROCEEDINGS OF DIRECTORS

23.1 The directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Any three directors (of whom at least one shall be a Nominated Director unless the Nominated director agrees that his presence is not required to constitute a quorum of directors) shall constitute a quorum and a quorum of directors must be present throughout all meetings of the Board. The Chairman of the meeting shall have a second or casting vote, in the case of an equality of votes.

23.2 Any director or alternate director may validly participate in a meeting of the Board 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 Board or a committee of the Board shall for the purpose of these Articles be deemed to be validly and effectively transacted at a meeting of the Board or a committee of the Board notwithstanding that a quorum of directors is not physically present in 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.

#### RETIREMENT BY ROTATION

24. The directors shall not be liable to retire by rotation and the words "by rotation or otherwise" and "and deemed to have been reappointed" in Regulation 67, "other than a director retiring by rotation" in Regulation 76, "(other than a director retiring by rotation at the meeting)" in Regulation 77, "and may also determine the rotation in which any additional directors are to retire" in Regulation 78, the last two sentences of Regulation 79 and the last sentence of Regulation 84 shall not apply to the Company.



MISCELLANEOUS**BORROWING POWERS**

25.1 In these Articles "Borrowings" shall mean all monies borrowed or raised by members of the Group (excluding money owed by any Group Company to any other Group Company) and, to the extent not otherwise taken into account, also:-

25.1.1 all amounts of any third party indebtedness (excluding intra-group liabilities) for the time being the subject of a guarantee or indemnity given by, or any other form of analogous comfort enforceable against, any Group Company, in favour of any other person;

25.1.2 the outstanding amount raised by acceptances by any bank or accepting house under any acceptance credit opened on behalf of and in favour of a Group Company;

25.1.3 the principal amount of any debenture (whether secured or unsecured) of any Group Company owed otherwise than to any other Group Company;

25.1.4 the amount payable on redemption of any preference share capital of any subsidiary, save to the extent that such preference share capital is owned by a Group Company;

25.1.5 any premium payable on final repayment of any borrowing or deemed borrowing; and

25.1.6 the aggregate liabilities (whether presently payable or arising in the future) arising under all credit sale, hire purchase and any other agreements of Group Companies providing for payment on deferred terms but excluding normal trade credit arising in the ordinary and normal course of trading (which shall include, without limitation, arrangements whereby, in the ordinary and normal course of trading, goods are supplied to members of the Group subject to retention of title).

25.2 In these Articles "Adjusted Capital and Reserves" shall mean the aggregate from time to time of:-

25.2.1 the amount paid up on the issued share capital of the Company; and

25.2.2 the amount standing to the credit of the capital and revenue reserves of the Company (or, if the Company has subsidiary undertakings, the consolidated capital and revenue reserves of the Company and its subsidiary undertakings) including any share premium account, capital redemption reserve, revaluation reserve and credit balance on profit and loss account

all as shown in the latest audited balance sheet of the Company or (as the case may be) the latest audited consolidated balance sheet of the Company and its subsidiary undertakings but after:-

- (a) making such adjustments as may be appropriate in respect of any variation in such amount paid up on the share capital, or share premium account or capital redemption reserve since the date of such latest balance sheet;
- (b) deducting:-
  - (i) any amount distributed or proposed to be distributed (but not provided in such latest balance sheet) other than distributions attributable to the Company;
  - (ii) any sum set aside for taxation;
  - (iii) any amount attributable to outside shareholders in subsidiary undertakings of the Company but not provided for in the Accounts;
  - (iv) any amounts attributable to goodwill or other intangible assets; and
  - (v) any debit balance on the profit and loss account; and
- (c) making such adjustments (if any) as the Auditors may consider appropriate.

25.3 Subject as hereinafter provided, the directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and, subject to the Act, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

25.4 The directors shall restrict the Borrowings and shall procure the exercise of all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (as regards subsidiary undertakings so far as by procuring such exercise the directors can secure) that the aggregate amount for the time being outstanding of all Borrowings shall not at any time, without Investor Consent, exceed the lower of £250,000 or an amount equal to 2½ times the Adjusted Capital and Reserves.

25.5 When the aggregate amount of Borrowings required to be taken into account for the purposes of these Articles on any particular day is being ascertained, any money denominated or repayable (or repayable at the option of any person other than the Company) in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent at the rate of exchange prevailing on that day in London or, if it would result in a lower sterling equivalent, at the rate of exchange prevailing in London six months before such day (and so that for this purpose the rate of exchange shall be taken as the middle market rate as at the close of

business on the day in question or, if that is not a business day, on the last business day before the day in question).

25.6 A certificate or report by the Auditors as to the amount of the Adjusted Capital and Reserves or the amount of any Borrowings or to the effect that the limit imposed by these Articles has (or has not) been or will (or will not) be exceeded at any particular time shall (in the absence of manifest error) be conclusive evidence of that amount or of that fact.

25.7 No lender or other person dealing with any Group Company shall be concerned to see or inquire whether the limit imposed by this Article is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the said limit had been, or would thereby be, exceeded.

25.8 Pending the publication of the first audited consolidated accounts of the Group, a *pro forma* consolidation made by the Auditors of the latest available audited accounts of the Group Companies shall be used for the purposes of this Article.

#### INDEMNITY

26. Subject to the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer of the Company shall be indemnified out of the assets of the Company against 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 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.

#### INSURANCE

27. The Board shall have the power to purchase and maintain for any director or other officer insurance against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.