

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION

of

STAFFORDSHIRE FASTENERS LIMITED

R. S. G. J. J.
Chairman

3649805

(Adopted by Special Resolution passed on 24 June 1999)

1. PRELIMINARY

The regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (as amended by the Companies (Tables A to F) (Amendment) Regulations 1985) shall, except as hereinafter provided and so far as not inconsistent with the provisions of these Articles, apply to the Company to the exclusion of all other regulations or articles of association. References herein to regulations are to regulations in the said Table A.

2. PRIVATE COMPANY

The Company is a private company and accordingly the Company shall not:

- (1) offer to the public (whether for cash or otherwise) any shares in or debentures of the Company; or
- (2) allot or agree to allot (whether for cash or otherwise) any shares in or debentures of the Company with a view to all or any of those shares or debentures being offered for sale to the public



3. INTERPRETATION

(1) In the first line of regulation 1 after the word 'regulations' the words 'and in any articles adopting in whole or in part the same' shall be inserted

(2) In these Articles:

(a) unless the context otherwise requires the following expressions have the following meanings:

"A Director" means any director for the time being appointed and holding office pursuant to Article 17(1)

"Additional Director" means any director for the time being appointed and holding office pursuant to Article 17(3)

"A' Shares" means the 'A' Shares of £1 each in the share capital of the Company from time to time

"B' Director" means any director for the time being appointed and holding office pursuant to Article 17(2)

"B' Shares" means the 'B' Shares of £1 each in the share capital of the Company from time to time

"deemed transfer notice" means a transfer notice deemed to be given under any provision of these Articles or any Relevant Agreement

"paid up" means, in relation to a share, that such share is paid up or credited as paid up

"Relevant Agreement" means any agreement relating (in whole or in part) to the management of the Company which is binding from time to time on the Company and the members and which (expressly or by implication) supplements and/or

prevails over any provisions of these Articles

"share" means a share in the capital of the Company of whatever class

"transfer notice" has the meaning attributed thereto in Article 10(1) and includes where the context admits a deemed transfer notice

(b) words or expressions the definitions of which are contained or referred to in the Act shall be construed as having the meaning thereby attributed to them but excluding any statutory modification thereof not in force on the date of adoption of these Articles

(c) words importing the singular number shall include the plural and vice versa, words importing the masculine shall include the feminine and neuter and vice versa, and words importing persons shall include bodies corporate, unincorporated associations and partnerships

(d) references to Articles are references to these Articles and references to paragraphs and sub-paragraphs are, unless otherwise stated, references to paragraphs of the Article or references to sub-paragraphs of the paragraph in which the reference appears

(3) A special or extraordinary resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of the Regulations or these Articles

4. SHARE CAPITAL

The authorised share capital of the Company at the date of adoption of these Articles is £100 divided into 100 'A' Shares and 100 'B' Shares. The 'A' Shares and the 'B' Shares shall be separate classes of shares and shall carry the respective voting rights and

rights to appoint and remove directors and be subject to the restrictions on transfer hereinafter provided, but in all other respects shall rank pari passu

5. ISSUE OF NEW SHARES

- (1) The authorised and issued share capital of the Company shall consist only of 'A' Shares and the 'B' Shares in equal proportions
- (2) All unissued shares in the capital of the Company for the time being shall be issued only in such a manner as to establish or maintain the proportions specified in paragraph (1) and so that on each occasion (unless all the members otherwise agree) 'A' Shares and 'B' Shares are issued at the same price and otherwise on the same terms. After the first issue of shares made by the directors, no share of either class shall be issued otherwise than to members holding shares of the same class except with the prior written consent of all the members. As between holders of the same class any shares shall be issued in proportion to their existing holdings of such shares or in such other proportions as may be agreed between them
- (3) Subject as aforesaid and subject to Section 80 of the Act, all unissued shares shall be at the disposal of the directors who may allot, grant options over or otherwise dispose of them to such persons at such times and generally on such terms and conditions as they think proper provided that no shares shall be issued at a discount
- (4) Section 89(1) and sub-section (1) to (6) of Section 90 of the Act shall not apply to the Company

6. ALTERATION OF SHARE CAPITAL

Except with the prior written consent of all the members the powers referred to in regulations 3,32,33,34,35 and 110 shall be exercised only in such a manner as to maintain the proportions specified in Article 5(1)

7. LIEN

The lien conferred by regulation 8 shall attach also to fully paid up shares and the Company shall also have a first and paramount lien on all shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders for all moneys presently payable by him or his estate to the Company. Regulation 8 shall be modified accordingly

8. TRANSFER OF SHARES

- (1) The directors shall refuse to register the transfer of any share unless such transfer is permitted by, or is made pursuant to and in accordance with Article 9 or Article 10 or the provisions of any Relevant Agreement. The directors shall also refuse to register the transfer of any share which is prohibited under Article 11 or the provisions of any Relevant Agreement
- (2) Subject to paragraphs (3) and (6), the directors shall not be entitled to decline to register the transfer of any share which is permitted by, or is made pursuant to and in accordance with Article 9 or Article 10 or the provisions of any Relevant Agreement
- (3) For the purpose of ensuring that a particular transfer of shares is permitted under the provisions of these Articles or under the provisions of any Relevant Agreement, the directors may require 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 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

- (4) If a member or other person entitled to transfer a share at any time attempts to deal with or dispose of the share or any interest therein otherwise than in accordance with the provisions of Article 9 or Article 10 or any Relevant Agreement or in contravention of Article 11, he shall be deemed immediately prior to such attempt to have given a transfer notice in respect of such share
- (5) Where a transfer notice in respect of any share is deemed to have been given under any provision of these Articles or under any Relevant Agreement and the circumstances are such that the directors are unaware of the facts giving rise to the same such transfer notice shall be deemed to have been received by the directors on the date on which the directors receive actual notice of such facts and the provisions of Article 10 shall apply accordingly
- (6) A deemed transfer notice shall be deemed not to contain a Total Transfer Condition (as defined in Article 10) and shall not be revocable.
- (7) The Directors shall not refuse to register any transfer of a share which is permitted under these Articles but may, in their absolute discretion and without assigning any reason therefor, decline to register any transfer of any share which would otherwise be permitted under these Articles if it is a transfer:
 - (a) of a share on which the Company has a lien;

- (b) of a share (not being a fully paid share) to a person of whom they shall not approve.

The first sentence of regulation 24 shall not apply

- (8) Except as provided in Article 9, a member shall not be entitled to transfer part only of the shares held by him for the time being

9. PERMITTED TRANSFERS

Subject always to Articles 8, 10(14) and 11:

- (1) For the purposes of this Article:
 - (a) 'privileged relation' in relation to a member means the spouse (or widow or widower) of the member and the member's children and grandchildren (including step and adopted children and grandchildren);
 - (b) 'family trust' in relation to a member means a trust which does not permit any of the settled property or the income therefrom to be applied otherwise than for the benefit of that member and/or a privileged relation of that member and no power of control over the voting powers conferred by any shares the subject of the trust is capable of being exercised by or subject to the consent of any person other than the trustees or such member or his privileged relations
- (2) Any member being an individual (other than a bankrupt, a trustee of a family trust or a trustee in bankruptcy) may at any time transfer all or any shares held by him to trustees to be held upon a family trust provided that upon the death of that member the shares so held shall revert to the member or his personal representative
- (3) Where shares are held by trustees upon a family trust:

- (a) such shares may on any change of trustees be transferred to the new trustees of that family trust;
 - (b) if and whenever any such shares cease to be held upon a family trust the trustees shall forthwith give a transfer notice in respect of the relevant shares (as hereinafter defined) and such shares may not otherwise be transferred; and failure so to give a transfer notice within 28 days of the shares ceasing to be held as aforesaid shall result in a transfer notice being deemed immediately to be given in respect of the relevant shares
 - (c) for the purposes of this paragraph the expression 'relevant shares' means and includes (so far as the same remain for the time being held by the trustees) the shares originally transferred to the trustees and any additional shares issued or transferred to the trustees by virtue of the holding of the relevant shares or any of them
- (4)
- (a) Any member being a body corporate may at any time transfer all or any shares held by it to a member of the same group (as hereinafter defined)
 - (b) Where shares have been transferred under sub-paragraph (a) (whether directly or by a series of transfers thereunder) from a body corporate ('the transferor company' which expression shall not include a second or subsequent transferor in such a series of transfers) to a member of the same group ('the transferee company') and subsequently the transferee company ceases to be a member of the same group as the transferor company then the transferee company shall forthwith transfer the relevant shares (as hereinafter defined) to the transferor company; and failure so to transfer such shares within 28 days of the transferee company ceasing

to be a member of the same group as the transferor company shall result in a transfer notice being deemed immediately to be given in respect of the relevant shares

(c) For the purposes of this paragraph:

(i) the expression 'a member of the same group' means a company which is for the time being a holding company of which the transferor company is a wholly owned subsidiary or a wholly owned subsidiary of the transferor company or of any holding company of which the transferor company is a wholly owned subsidiary; and

(ii) the expression 'relevant shares' means and includes (so far as the same remain for the time being held by the transferee company) the shares originally transferred to the transferee company and any additional shares issued or transferred to the transferee company by virtue of the holding of the relevant shares of any of them

(5) Any member being a body corporate may at any time transfer all but not some only of the shares held by it to another body corporate which has acquired in connection with a bona fide scheme of amalgamation or reconstruction the whole or the main part of the undertaking or assets of such member

(6) A member (or his personal representative) may at any time transfer all or any of his shares:

(a) to any other member but with the consent of all members; or

- (b) in the case of a member being a nominee, to the person who is the beneficial owner or to a person to whom the beneficial owner, if he were registered as the holder, would have been entitled to transfer his shares in accordance with this Article; provided that the provisions of this paragraph shall not apply in circumstances where the beneficial ownership of the Share in question became vested in its beneficial owner in contravention of any of the provisions of these Articles or any Relevant Agreement
 - (c) to any person with the prior written consent of all the other members
- (7) A transfer of any share pursuant to this Article shall only be treated as a permitted transfer for the purposes of these Articles if it is a transfer of the entire legal and beneficial interest in such share free from all liens, charges and other encumbrances

10. PRE-EMPTION RIGHTS

- (1) (a) Except for a transfer of shares which is permitted under these Articles as mentioned in Article 8(1), no share shall be transferred until the following conditions of this Article are complied with
- (b) Any member proposing to transfer a share ("the proposing transferor") shall give notice in writing ("transfer notice") to the directors that the proposing transferor desires to transfer all of the shares then held by him.
In the transfer notice the proposing transferor shall specify :
 - (i) the number and class of shares which the proposing transferor wishes to transfer ("the Transfer Shares");

- (ii) the price at which the proposing transferor wishes to sell the Transfer Shares and the identity of any person who has indicated a willingness to purchase the Transfer Shares at such price.

A transfer notice (other than a deemed transfer notice) shall be deemed to contain a condition ('Total Transfer Condition') that unless all of the Transfer Shares are sold pursuant to the following provisions of this Article none shall be so sold.

- (c) The transfer notice shall constitute the Company (by the directors) as the agent of the proposing transferor empowered to sell the Transfer Shares (together with all rights attaching thereto at the date of the transfer notice or at any time thereafter) at the Transfer Price (as hereinafter defined) on the terms of this Article. Once given a transfer notice may not be revoked save with the prior written consent of each of the Shareholders.

- (2) Within seven days after the receipt of a transfer notice the directors shall serve a copy of that transfer notice on all the members other than the proposing transferor. In the case of a deemed transfer notice the directors shall similarly serve notice on all the members (including the proposing transferor) notifying them that the same has been deemed to have been given

- (3) Subject as provided otherwise in these Articles or in any Relevant Agreement the Transfer Shares shall be offered for purchase (as hereinafter provided) at a price ('the Transfer Price') determined in accordance with paragraph (4)

- (4) (a) If the transfer notice is not a deemed transfer notice then the Transfer Price shall be the lower of:

- (i) the price specified by the proposing transferor in the transfer notice; or

(ii) such price as shall be agreed in writing between all the members;
or

(iii) in the absence of agreement set out at sub-clause (ii) hereof (whether by reason of disagreement, absence, death or otherwise) within 21 days after the service of notices pursuant to paragraph (2) the Transfer Price will be determined by an independent Chartered Accountant of not less than five years' standing ('the Expert') who shall be nominated by agreement between all the members or failing such nomination within 14 days after the request of any member to the others therefor nominated at the request of any member by the President for the time being of the Institute of Chartered Accountants in England and Wales. The Expert shall act as an expert and not as an arbitrator and his written determination shall be final and binding on the members

The Expert will certify the open market value of the Transfer Shares as at the date of the transfer notice on the following assumptions and bases:

- (i) valuing the Transfer Shares as on an arm's length sale between a willing vendor and a willing purchaser;
- (ii) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
- (iii) that the Transfer Shares are capable of being transferred without restriction;
- (iv) valuing the Transfer Shares as a ratable proportion of the total value of all the issued shares of the Company which value shall

not be discounted or enhanced by reference to the class of the Transfer Shares or the number thereof

If any difficulty shall arise in applying any of the foregoing assumptions or bases then such difficulty shall be resolved by the Expert in such manner as he shall in his absolute discretion think fit. The Transfer Price shall be a sum equal to the open market value of the Transfer Shares as aforesaid divided by the number of Transfer Shares

The Company will use its best endeavours to procure that the Expert determines the Transfer Price within 21 days of being requested to do so

- (b) If the transfer notice is a deemed transfer notice the Transfer Price shall be such price as agreed pursuant to sub-clause (ii) hereof or failing such agreement as determined pursuant to sub-clause (iii) hereof
- (5) If the determination of the Transfer Price is referred to the Expert the date of determination of the Transfer Price ('the Determination Date') shall be the date upon which the directors receive the Expert's determination of the Transfer Price in writing. If the Transfer Price is determined by written agreement between all the members as aforesaid then the Determination Date shall be the date on which such agreement is made.
- (6) The costs and expenses of the Expert in determining the Transfer Price shall be borne as to one half by the proposing transferor and as to the other half by the purchasers (as hereinafter defined) pro rata according to the number of Transfer Shares purchased by them unless none of the Transfer Shares are purchased by the members pursuant to this Article by reason of the operation of paragraph (10) in which event the proposing transferor shall pay all of such costs and expenses

- (7) Within 7 days after the Determination Date the Transfer Shares shall be offered for purchase at the Transfer Price by the directors in the first instance to those members who at the date of the offer are registered as the respective holders of shares of the same class as the Transfer Shares (other than (a) the proposing transferor or (b) any member to whom under Article 11 shares may not be transferred) and, in the case of competition, shall be sold to the acceptors in proportion (as nearly as may be without involving fractions or selling to any member a greater number of Transfer Shares than the maximum number applied for by him) to the number of shares of that class then held by them respectively. If any of the Transfer Shares shall not be capable of being allocated as aforesaid without involving fractions, the same shall be offered amongst the acceptors, or some of them, in such proportions or in such manner as may be determined by lots drawn in respect thereof, and the lots shall be drawn in such manner as the directors shall think fit
- (8) If all the Transfer Shares are not accepted by a member or members holding shares of the same class as the Transfer Shares within the time limited for acceptance (determined as below) or if there are no other holders of shares of that class the directors shall (in the former case) within 7 days after the expiration of such time as aforesaid (and in the latter case) immediately, offer all the Transfer Shares to the members holding shares of the other class (other than any member to whom under Article 11 shares may not be transferred) and the provisions of paragraph (7) shall apply mutatis mutandis to such offer (save that in the case of competition the Transfer Shares shall be sold to the acceptors in proportion to the

amounts paid up (excluding any premium paid on subscription) on the shares then held by them respectively)

- (9) Any offer made pursuant to paragraphs (7) or (8) shall be made by notice in writing and shall specify (a) the number and class of the Transfer Shares; (b) the proportionate entitlement of the relevant member (on the assumption that there will be competition for the Transfer Shares); (c) the Transfer Price; (d) that the transfer notice is deemed to contain a Total Transfer Condition and (e) a period (being not less than 21 days and not more than 42 days) within which the offer must be accepted or shall lapse
- (10) (a) No offer of Transfer Shares made by the directors pursuant to this Article shall be capable of acceptance until all of the Transfer Shares shall have been accepted. If by the foregoing procedure the directors shall not receive acceptances in respect of all the Transfer Shares within the period(s) of the aforesaid offer(s) they shall forthwith give notice in writing of that fact to the proposing transferor and none of the Transfer Shares will be sold to the members pursuant to this Article.
- (b) Subject as provided below the proposing transferor may within a period of 6 months after the date of the directors' said notice sell all (but not some only) of the Transfer Shares to any person at any price which is not less than the Transfer Price (after deducting, where appropriate, any net dividend or other distribution declared, paid or made after the date of the transfer notice in respect of the Transfer Shares and which has been or is to be retained by the proposing transferor); Provided that any such sale shall be subject to the proposing transferor having first procured such

person to offer to purchase all of the shares of the other members at the same time and on the same terms and conditions (including without limitation the period during which such offer shall remain open for acceptance which shall be at least 30 days) as such person has offered to purchase the Transfer Shares from the proposing transferor

- (11) If any member or members ('purchaser' or 'purchasers') shall within the period(s) of the aforesaid offer(s) agree to purchase all of the Transfer Shares the directors shall forthwith give notice in writing as hereinafter mentioned to the proposing transferor and to the purchasers and the proposing transferor shall thereupon become bound upon payment of the Transfer Price to the proposing transferor (whose receipt shall be a good discharge to the purchaser, the Company and the directors therefor, none of whom shall be bound to see to the application thereof) to transfer to each purchaser those Transfer Shares accepted by him. Every such notice shall state the name and address of each purchaser, the number of Transfer Shares agreed to be purchased by him and the place and time appointed by the directors for the completion of the purchase (being not less than 7 days nor more than 28 days after the date of the said notice and not being at a place outside England). Subject to the giving of such notice the purchase shall be completed at the time and place appointed by the directors
- (12) If a proposing transferor, having become bound to transfer any Transfer Shares pursuant to this Article, makes default in transferring the same the directors may authorise some person (who shall be deemed to be the attorney of the proposing transfer for the purpose) to execute the necessary instrument of transfer of such Transfer Shares and may deliver it on his behalf and the Company may receive

the purchase money and shall thereupon (subject to such instrument being duly stamped) cause the transferee to be registered as the holder of such Transfer Shares and shall hold such purchase money on behalf of the proposing transferor. The Company shall not be bound to earn or pay interest on any money so held and shall not pay such money to the proposing transferor until he shall have delivered his share certificate(s) or on satisfactory indemnity in respect of any lost certificate to the Company. The receipt of the Company for such purchase money shall be a good discharge to the transferee who shall not be bound to see to the application thereof, and after the name of the transferee has been entered in the register of members in purported exercise of the aforesaid power the validity of the proceedings shall not be questioned by any person

(13) Without prejudice to the generality of Article 8(3), the directors may require to be satisfied that any shares being transferred by the proposing transferor pursuant to paragraph (10)(b) are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer and if not so satisfied may refuse to register the instrument of transfer

(14) (a) In this paragraph a 'Relevant Event' means:

(i) in relation to a member being an individual:

(aa) such member becoming bankrupt; or

(bb) the happening of any such event as is referred to in paragraph (c) of regulation 81;

(cc) such member dying;

(dd) such member who is employed in any capacity and/or holds office as a director of the Company ceases to be so

- employed and/or hold office as a director for any reason whatsoever (other than by wrongful or unfair dismissal);
- (ee) such member commits a material breach of his obligations under any Relevant Agreement if such breach is incapable of remedy or in the case of a breach capable of remedy failing to remedy the same within 21 days of being specifically required in writing so to do by the other members;
 - (ii) a member making any arrangement or composition with his creditors generally;
 - (iii) in relation to member being a body corporate:
 - (aa) a receiver, manager, administrative receiver or administrator is appointed of such member or over all or any part of its undertaking or assets; or
 - (bb) such member entering into liquidation (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction);
 - (cc) such member ceasing to be controlled (as defined by Section 534 of the Income and Corporation Taxes Act 1970) by the person(s) who controlled such member on the date on which it became a member of the Company or on the date of adoption of these Articles (whichever shall be the later)

- (b) Upon the happening of any Relevant Event the member in question shall be deemed to have immediately given a transfer notice in respect of all the shares as shall then be registered in the name of such member
 - (c) If the Relevant Event shall be the bankruptcy of a member and if the shares ('the unsold shares') which are offered to the members pursuant to the transfer notice deemed to be given under sub-paragraph (b) shall not be sold to the members (or any of them) then, after the expiration of the period during which the unsold shares might have been purchased by a member or members pursuant thereto, the person who has become entitled to the unsold shares in consequence of the bankruptcy of the member shall be entitled either:
 - (i) to sell the unsold shares to any person in the same manner and subject to the same conditions (*mutatis mutandis*) as a proposing transferor could under paragraph (10)(b); or
 - (ii) to elect at any time to be registered himself as the holder of the unsold shares (but so that such election shall not give rise to any obligation to serve a transfer notice in respect of the unsold shares)
- (15) An obligation to transfer a share under the provisions of this Article shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such share free from any lien, charge or other encumbrance
- (16) The provisions of this Article may be waived in whole or in part in any particular case with the prior written consent of all the members

11. PROHIBITED TRANSFERS

Notwithstanding anything else contained in these Articles no share shall be issued or transferred to any infant, bankrupt or person of unsound mind

12. PROCEEDINGS AT GENERAL MEETINGS

- (1) Two members present in person or by proxy shall be a quorum of which one shall be or represent a holder of any of the 'A' Shares and one shall be or represent a holder of any of the 'B' Shares. Regulation 40 shall be modified accordingly
- (2) Regulation 41 shall be read as if the words 'and if at the adjourned meeting a quorum is not present within half an hour from the time appointed therefor, or if during the meeting a quorum ceases to be present, such adjourned meeting shall be dissolved' were added to the end thereof
- (3) In regulation 44 the words 'of the class of shares the holders of which appointed him as director' shall be substituted for the words 'any class of shares in the company'
- (4) An instrument appointing a proxy may, in the case of a corporation, be signed on its behalf by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative
- (5) The instrument appointing a proxy to vote at a meeting shall be deemed also to confer authority to vote on a poll on the election of a chairman and on a motion to adjourn the meeting
- (6) The Chairman of a general meeting shall not be entitled to a second or casting vote. Regulation 50 shall not apply

13. ANY such resolution in writing as is referred to in regulation 53 may, in the case of a corporation, be signed on its behalf by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative

14. VOTES OF MEMBERS

(1) Subject as provided below in this paragraph and to any other special rights or restrictions as to voting attached to any shares by or in accordance with the Articles, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote and on a poll every member shall have one vote for every share of which he is the holder; Provided that:

- (a) no shares of either class shall confer any right to vote upon a resolution for the removal from office of a director appointed by holders of shares of the other class; and
- (b) if at any meeting any holder of shares is not present in person or by proxy the votes exercisable on a poll in respect of the shares of the same class held by members present in person or by proxy shall be pro tanto increased (fractions of a vote by any member being permitted) so that such shares shall together entitle such members to the same aggregate number of votes as could be cast in respect of all the shares of that class if all the holders thereof were present in person

(2) Regulation 54 shall not apply

15. ALTERNATE DIRECTORS

- (1) Any director (other than an alternate director or an Additional Director) may at any time appoint any person (including another director) to be an alternate director and may at any time terminate such appointment. Any such appointment or termination of appointment shall be effected in like manner as provided in Article 17 (4). The same person may be appointed as the alternate director of more than one director
- (2) The appointment of an alternate director shall determine on the happening of any event which if he were a director would cause him to vacate such office or if his appointor ceases to be a director
- (3) An alternate director shall be entitled to receive notices of meetings of the directors and of any committee of the directors of which his appointor is a member and shall be entitled to attend and vote as a director and be counted in the quorum at any such meeting at which his appointor is not personally present and generally at such meeting to perform all functions of his appointor as a director and for the purposes of the proceedings of such meeting the provisions of these Articles shall apply as if he were a director of the relevant class. It shall not be necessary to give notices of meetings to an alternate director who is absent from the United Kingdom. If an alternate director be himself a director or shall attend any such meeting as an alternate for more than one director his voting rights shall be cumulative, but he shall count as only one for the purpose of determining whether a quorum is present. If his appointor is for the time being absent from the United Kingdom or temporarily unable to act through ill health or disability his signature to any resolution in writing of the directors shall not

(save as aforesaid) have power to act as a director nor shall he be deemed to be a director for the purposes of these Articles

- (4) An alternate director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a director but he shall not be entitled to receive from the Company in respect of his appointment as alternate director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct

- (5) Regulations 65 to 69 shall not apply

16. DELEGATION OF DIRECTORS' POWERS

The holders of a majority of the 'A' Shares together with the holders of a majority of the 'B' Shares may at any time and from time to time revoke all or any of the powers delegated to a managing director or other executive director pursuant to regulation 72 by notice in writing in like manner as provided in Article 17 (3). Regulation 72 shall be modified accordingly

17. APPOINTMENT AND RETIREMENT OF DIRECTORS

- (1) The holders of a majority of the 'A' Shares shall be entitled by notice in writing to the Company to appoint one director and by like notice to remove such director and at any time and from time to time and by like notice to appoint any other person to be a director in the place of a director so removed. Any director so appointed shall be an 'A' Director
- (2) The holders of a majority of the 'B' Shares shall be entitled by notice in writing to the Company to appoint one director and by like notice to remove such director

and at any time and from time to time by like notice to appoint any other person to be a director in place of a director so removed. Any director so appointed shall be a 'B' Director

(3) The holders of a majority of the 'A' Shares together with the holders of a majority of 'B' Shares shall be entitled together by notice in writing to the Company to appoint one or more additional directors and any such additional director may be removed by notice in writing to that effect being given to the Company by the holders of a majority of the 'A' Shares together with the holders of a majority of the 'B' Shares acting together. Any director so appointed shall be an Additional Director

(4) A notice of appointment or removal of a director pursuant to this Article shall take effect upon lodgement at the office or on delivery to a meeting of the directors or on delivery to the secretary

(5) Every director appointed pursuant to this Article shall hold office until he is either removed in manner provided by this Article shall hold office until he is either removed in manner provided by this Article or dies or vacates office pursuant to regulation 81 (as modified by Article 20) and neither the company in general meeting nor the directors shall have power to fill any such vacancy

(6) Any director appointed pursuant to this Article shall be at liberty from time to time to make such disclosure to his appointor(s) as to the business and affairs of the Company and its subsidiaries as he shall in his absolute discretion determine

18. The directors shall not be subject to retirement by rotation and accordingly regulations 73 to 75 shall not apply and all other references in the regulations to retirement by rotation shall be disregarded

19. No director shall be appointed otherwise than as provided in these Articles. Regulations 76 to 80 shall not apply

20. DISQUALIFICATION AND REMOVAL OF DIRECTORS

Regulation 81 shall be modified by deleting paragraph (e) thereof. The office of a director shall also be vacated if he shall be removed from office as herein before provided

21. REMUNERATION OF DIRECTORS

The ordinary remuneration of the directors shall from time to time be determined by an ordinary resolution of the Company, and shall (unless such resolution otherwise provides) be divisible among the directors as they may agree, or, failing agreement, equally, except that any director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Regulation 82 shall not apply.

22. PENSIONS

The directors may give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to any employees or ex-employees and to officers and ex-officers (including directors and ex-directors) of the Company or its predecessors in business or of any holding company or subsidiary of the Company or to the relations or dependants of any such persons and may establish, support and maintain pensions, superannuation or other funds or schemes (whether contributory or non-contributory) for the benefit of any such persons and/or their relations or dependants or any of them. Any director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit and may vote as a director in respect of the

exercise of any of the powers by this Article conferred upon the directors notwithstanding that he is or may become interested therein. Regulation 87 shall not apply

23. PROCEEDINGS OF DIRECTORS

Except during periods when there are, for whatever reason, no 'A' Directors or no 'B' Directors:

- (1) the quorum for the transaction of the business of the directors shall be one comprising one 'A' Director or one 'B' Director; and
- (2) any committee of the directors shall include at least one 'A' Director or one 'B' Director and the quorum for the transaction of the business of any such committee shall be one comprising one 'A' Director or one 'B' Director.

In the event that at any duly convened meeting of the directors or of any committee of the directors the meeting is not so quorate, or if during the meeting such a quorum ceases to be present, the meeting shall be adjourned to the same day in the next week at the same time and place (or to such other day, and at such other time and place as an 'A' Director and a 'B' Director may agree in writing) and at such adjourned meeting the quorum shall be any two directors

24. All business arising at any meeting of the directors or of any committee of the directors shall be determined only by resolution passed by a majority of votes. In the case of an equality of votes, the chairman shall not have a second or casting vote

25. The 'A' Directors and the 'B' Directors shall be entitled alternately each year to appoint one of their respective number to be the chairman of the board of directors and may at any time during that year remove that person from office and appoint another person in his place. Each chairman so appointed shall automatically vacate his office at the conclusion of the annual general meeting next following his appointment. The first

chairman shall be appointed by the 'A' Directors. Every such appointment or removal shall be effected by notice in writing in like manner as provided in Article 17(3). If no chairman is appointed, or, if at any meeting of the directors he is unwilling to preside or is not present within five minutes after the time appointed for the meeting, those directors who are entitled to appoint the chairman, and who are present at the meeting, may appoint one of their number to be the chairman of the meeting, failing which the directors present may appoint one of their number to be the chairman. Regulation 91 shall not apply

26. (1) Unless otherwise agreed in writing by an 'A' Director and a 'B' Director in any particular case, at least 14 clear days' notice in writing shall be given to each director of every meeting of the directors, except any absent from the United Kingdom from the time being who have (a) (in the case of a director) nominated an alternate or (b) failed to furnish the Company with an address abroad to which such notices may be forwarded. The third sentence of regulation 88 shall not apply to the Company.
- (2) Regulation 111 shall be read as if the words 'except that a notice calling a meeting of the directors need not be in writing' were deleted therefrom
- (3) Each such notice shall (a) be sent to the address notified from time to time by each director to the secretary (or, if there is none at that time, the chairman) at his address for the service of such notices (or if no address has been so supplied, to his last known address); (b) contain an agenda specifying in reasonable detail the matters to be discussed at the relevant meeting; (c) be accompanied by any relevant papers for discussion at such meeting; and (d) if sent to an address outside the United Kingdom, be sent by courier, telex or facsimile transmission

- (4) Save as provided in paragraph (3), any such notice may be delivered personally or by first class prepaid letter and shall be deemed to have been served if by delivery when delivered and if by first class letter 48 hours after posting
- (5) Except as may be agreed by an 'A' Director and a 'B' Director in any particular case, no business or resolution shall be transacted or passed at any meeting of the directors except as was fairly disclosed in the agenda for such meeting
27. Appropriate complete minutes of each meeting of the directors shall be maintained by the Company and copies thereof distributed to the directors as soon as reasonably practicable after the meeting shall have been held
28. A director who is in any way whether directly or indirectly interested in a transaction or arrangement or proposed transaction or arrangement with the Company may vote in respect of any such transaction or arrangement or proposed transaction or arrangement or any matter arising thereout and if he does so vote his vote shall be counted and he shall be capable of constituting a quorum at any meeting of the directors at which any such transaction or arrangement or proposed transaction or arrangement shall come before the board of directors for consideration and may retain for his own absolute use and benefit all profits and advantages directly or indirectly accruing to him thereunder or in consequence thereof. Regulations 94 to 97 shall not apply
29. BORROWING POWERS
- The directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and subject as otherwise provided in these Articles to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party

30. ACCOUNTS AND INFORMATION

Every member shall be entitled, either himself or through his agents duly authorised in writing, during the Company's normal hours of business to inspect and take copies of the books of account and all other records and documents of the Company and each of its subsidiaries on giving not less than 48 hours, written notice to the secretary (or, if there is none for the time being, the chairman). The Company shall give each such member all such facilities as he may reasonably require for such purposes including the use of copying facilities. The Company may make a reasonable charge for any copies taken but otherwise shall not charge for any facilities requested as aforesaid. Regulation 109 shall not apply

31. NOTICES

A notice sent by post shall be deemed to be given at the time when the same was posted. The second sentence of regulation 115 shall not apply

32. INDEMNITY

Subject to the provisions of and so far as may be permitted by law, every director, auditor, secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any

statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court. Regulation 118 shall not apply

33. OVERRIDING PROVISIONS

- (1) Notwithstanding the provisions of these Articles the directors shall be obliged, so far as may be permitted by law, to act in all respects in accordance with and give effect to any Relevant Agreement
- (2) Where the approval, agreement or consent of any member or director is required under any provision of these Articles to any particular matter, such approval, agreement or consent may be given subject to such terms and conditions as that member or director may require and any breach of such terms and conditions shall ipso facto be deemed to be a breach of these Articles