

THE COMPANIES ACTS 1985 AND 1989
PRIVATE COMPANY LIMITED BY SHARES

377 4448

ARTICLES OF ASSOCIATION
of
PRIMAGRAPHS (HOLDINGS) LIMITED

ADOPTED BY SPECIAL RESOLUTION

Passed on 15 September 1999

WILDE SAPTE
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LONDON



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No: 3774448

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A PRIVATE COMPANY LIMITED BY SHARES

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- of -

PRIMAGRAPHS (HOLDINGS) LIMITED

(adopted on 15 September 1999)

1. DEFINITIONS AND INTERPRETATION

In these Articles, unless the context otherwise requires or unless expressly provided to the contrary:

1.1 Definitions

"**A' Ordinary Shares**" means the 'A' ordinary shares of £1 each in the capital of the Company;

"**A' Ordinary Shareholder**" means a registered holder for the time being of 'A' Ordinary Shares;

"**Acquisition Agreement**" means the agreement so defined in the Subscription and Shareholders Agreement;

"**Act**" means the Companies Act 1985;

"Associate" means, in relation to the Investor:

- (a) any company in the same Group as the Investor and where any Investor is a partnership each of the partners of such Investor and any member of the same Group as such partners; and
- (b) any company, unincorporated association, fund (including any unit trust or investment trust) or partnership (and the trustees, holders of units in or partners thereof) the assets or investments of which are managed from time to time (whether solely or jointly with others) by or at the discretion of IFG;

"Board" means the board of directors of the Company from time to time;

"B' Ordinary Shares" means the 'B' Ordinary Shares of £1 each in the capital of the Company;

"B' Ordinary Shareholder" means a registered holder for the time being of 'B' Ordinary Shares;

"Connected Person" means, in relation to any person, a person who is either:

- (a) acting in concert (as defined in the City Code on Takeovers and Mergers) with such aforesaid person; or
- (b) a "connected person" as defined in section 839 of the Income and Corporation Taxes Act 1988 of such aforesaid person; or
- (c) where such aforesaid person is an Investor, an Associate of such person;

"Director" means a director of the Company from time to time;

"Dividend" means a dividend payable pursuant to Article 4;

"Employee" means a bona fide employee of any member of Primagraphics Group;

"Employee Benefit Trust" means an employee benefit trust established in respect of the employees and ex-employees (and their dependants) of any or all of the members of the Primagraphics Group;

"Financing Documents" means the Mezzanine Credit Agreement the, Security Documents and the A Loan Stock Documents (as those terms are defined in the Mezzanine Credit Agreement);

"Group" means in relation to any undertaking, the group of undertakings comprising such undertaking and its group undertakings;

"IFG" means IFG Fund Management Limited;

"Investor" means the Industrial Mezzanine Fund L.P. (as more fully described in the Subscription and Shareholders Agreement) or any Associate;

"Issue Price" means the aggregate of the amount paid up or credited as paid up and any amounts credited to share premium account on any Share;

"Listing" means the admission of all or any part of the Share Capital to the Official List of the Stock Exchange or the Alternative Investment Market of the Stock Exchange or on any recognised investment exchange (as that term is used in the Financial Services Act 1986) or in or on any exchange or market replacing the same and **"Listed"** shall be construed accordingly;

"Managers" means the Members who are the persons so defined in the Subscription and Shareholders Agreement;

"Member" means any registered holder for the time being of Shares;

"Mezzanine Credit Agreement" means the Senior Credit Agreement dated on or around 15 September 1999 between (1) the Company and (2) the Investor as agent relating to a secured loan facility;

"Primagraphics Group" means the Company and its subsidiaries (as defined in s736 of the Act) from time to time;

"Sale" means completion of an offer in compliance with the requirements of Article 16 which results in any person together with his Connected Persons and their respective nominees acquiring or holding 20 per cent. or more of the Share Capital;

"Sale Notice" shall have the meaning set out in Article 14.2;

"Senior Credit Agreement" means the Senior Credit Agreement dated on or about 15 September 1999 between (1) the Company and (2) National Westminster Bank Plc pursuant to which National Westminster Bank Plc has agreed to make certain facilities available to the Company;

"Share" means any share in the capital of the Company from time to time and share capital shall be construed accordingly;

"Special Director" means a Special Director from time to time appointed pursuant to Article 19;

"Subordination and Intercreditor Agreement" means the subordination and intercreditor agreement dated on or about the 3rd September 1999 made between (1) the Company; (2) National Westminster Bank Plc, (3) Industrial Mezzanine Fund, L.P. and (4) the B Loan Stock Holders (as defined therein) and such agreement shall be amended or varied from time to time;

"Stock Exchange" means the London Stock Exchange Limited;

"Subscription and Shareholders Agreement" means the agreement entered into on the date of adoption of these Articles between (1) the Company, (2) Roy Leonard White, (3) John Michael Foxton, (4) John Donald Shave, (5) Gordon Abington and (6) Industrial Mezzanine Fund, L.P.;

"Table A" means 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);

1.2 Interpretation

- 1.2.1 any reference to any statute and other legislation shall include statutory instruments and regulations issued under the relevant statute or legislation and, where the context requires:
- (a) all amendments, re-enactments or consolidations thereof; and
 - (b) the provisions of any earlier statute or other legislation of which the said reference is itself an amendment, re-enactment or consolidation;
- 1.2.2 words denoting one gender include all genders, words denoting individuals or persons include corporations and trusts and vice versa, words denoting the singular include the plural and vice versa, and words denoting the whole include a reference to any part thereof;
- 1.2.3 headings are inserted for ease of reference only and shall not affect construction;
- 1.2.4 reference to Articles are to the Articles of these Articles of Association;
- 1.2.5 words and expressions defined in the Act or in the Companies Act 1989 shall bear the same meanings in these Articles;
- 1.2.6 the words "include", "including" and "in particular" shall be construed as being by way of illustration only and shall not be construed as limiting the generality of any foregoing words;
- 1.2.7 references to these Articles or any agreement, deed or instrument is to the same as amended, novated, modified or replaced from time to time;
- 1.2.8 references to any regulatory authority shall include any successor authority on which substantially the same function has then devolved and references to any publication of any regulatory authority is to the same as amended, modified or replaced from time to time; and
- 1.2.9 the Regulations contained in Table A shall apply to the Company save insofar as they are excluded or modified hereby. The Regulations contained in Table A numbered 24, 40, 41, 64, 65-69, 73-75, 81 and 82, 84, 88, 89 and 102 shall not

apply but, subject as aforesaid, the following shall be the Articles of Association of the Company.

2. **PRIVATE COMPANY**

The Company is a private company and accordingly any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

3. **SHARE CAPITAL**

The authorised share capital of the Company at the date of the adoption of these Articles is £150,000 divided into 22,500 'A' Ordinary Shares and 127,500 'B' Ordinary Shares.

4. **DIVIDENDS**

4.1 No dividend shall be payable, without the Investor's consent, unless and until all sums which are then due to the Investor pursuant to the Mezzanine Credit Agreement have been paid in full.

4.2 The profits of the Company available for distribution shall, upon being so declared by the Board, be distributed amongst the holders of the 'B' Ordinary Shares.

4.3 Dividends shall accrue from day to day on the basis of a 365 day year and shall be distributed to the appropriate shareholders pro rata to the amount paid up or credited as paid up (excluding premium) on the Shares respectively held by them.

4.4 The Dividend payable pursuant to this Article 4 shall be paid in cash together with (and not inclusive of) the associated tax credit at the rate from time to time prevailing.

5. **CAPITAL**

5.1 Each 'A' Ordinary Shareholder shall be entitled in priority to the holders of any other class of Share to receive out of the assets of the Company available for distribution amongst the Members in a winding-up of the Company or other return of capital by the Company an

amount in respect of each 'A' Ordinary Share held equal to the Issue Price thereof together in each case with a sum equal to all arrears thereon.

5.2 Each holder of 'B' Ordinary Shares shall be entitled to receive out of the assets of the Company available for distribution amongst the Members in a winding-up of the Company or other return of capital by the Company, and after payment of the amounts specified in Article 5.1, an amount in respect of each B Ordinary Share held equal to the Issue Price thereof together with a sum equal to all arrears and accruals of any Dividend thereon.

5.3 Each holder of 'A' Ordinary Shares or 'B' Ordinary Shares shall be entitled to receive in respect of such Shares out of the remaining assets of the Company available for distribution amongst the Members in a winding-up of the Company or other return of capital by the Company, and after payment to the 'A' Ordinary Shareholders and the 'B' Ordinary Shareholders of the amounts specified in Articles 5.1 and 5.2, amounts representing the balance of such assets divided amongst the holders of Shares *pari passu* in proportion to the amounts paid up or credited or paid up (excluding premium) on such Shares.

5.4 In this Article 5, references to arrears and accruals of the Dividend are to such dividends calculated up to and including the date of the winding-up of the Company or (in the case of any other return of capital by the Company) the date on which the relevant distribution is made.

6. **CONVERSION**

6.1 The holder of 'A' Ordinary Shares shall at any time have the right to convert the 'A' Ordinary Shares into 'B' Ordinary Shares on the basis of one 'B' Ordinary Share for each 'A' Ordinary Share held. In the event of a Listing the 'A' Ordinary Shares shall convert automatically into a like number of 'B' Ordinary Shares.

6.2 In respect of the conversion of the 'A' Ordinary Shares the following provisions shall have effect generally:

6.2.1 such conversion shall be effected either by notice in writing signed by the holder(s) of the 'A' Ordinary Shares to be converted given to the Company (which notice shall specify the number of 'A' Ordinary Shares which the holder proposes to convert) or, so as to effect conversion of all of the 'A' Ordinary Shares then in issue, at any one time by an extraordinary resolution passed at a

separate general meeting of the 'A' Ordinary Shareholders held in accordance with Article 10 and which meeting shall be convened by the Directors forthwith upon the request in writing of any A Ordinary Shareholder;

- 6.2.2 the conversion shall take effect immediately upon the date of delivery of such notice to the Company or (as the case may be) upon the date on which such resolution is passed (referred to in this Article as the "**Conversion Date**");
- 6.2.3 on or forthwith after conversion, the holder(s) of the 'B' Ordinary Shares resulting from the conversion shall send to the Company the certificates in respect of his or their respective holdings of 'A' Ordinary Shares so converted (or such indemnity in lieu thereof as the Company may reasonably require) and the Company shall upon receipt thereof issue to the relevant holder(s) certificates for the Shares resulting from the conversion;
- 6.2.4 the 'B' Ordinary Shares resulting from the conversion shall rank pari passu in all respects with the 'B' Ordinary Shares then in issue (save as otherwise specifically provided in these Articles).

7. **VOTING**

- 7.1 On a poll, the holders of 'A' Ordinary Shares and 'B' Ordinary Shares shall be entitled to one vote for each Share held.
- 7.2 Subject to the provisions of these Articles, Regulation 54 of Table A shall apply to the Company.

8. **CLASS CONSENTS**

Without prejudice to the restrictions contained in these Articles as to the modification of the rights attaching to any class of Shares, the consent or sanction of three quarters of the A Ordinary Shareholders and 60% of B Ordinary Shareholders in nominal value (given in accordance with the provisions of Article 10) shall be required:

- 8.1 to the creation, allotment or issue of any shares or securities by the Company or to the grant of any right to require the allotment or issue of any such shares or

securities (other than the creation, allotment or issue of any shares or securities pursuant to the Subscription and Shareholders Agreement); or

- 8.2 to any amendment or proposal for amendment of any provision of the Memorandum or Articles of Association of the Company; or
- 8.3 to any modification or variation of the rights attaching to the 'A' Ordinary Shares or the 'B' Ordinary Shares; or
- 8.4 to the proposal or passing of any resolution to reduce the share capital of the Company (other than as herein provided) or the amount (if any) for the time being standing to the credit of its share premium account or capital redemption reserve in any manner for which the consent of the court would be required pursuant to the Act or to reduce any uncalled liability in respect of partly paid Shares; or
- 8.5 save as to Dividends payable pursuant to the terms of Article 4, to the making of any distribution to Members of any nature including any distribution out of profits or reserves arising from a distribution of profits or reserves by a subsidiary undertaking of the Company; or
- 8.6 to the issue by any subsidiary undertaking of the Company (other than to the Company or a wholly-owned subsidiary of the Company) of any shares ranking as regards participation in the assets or profits of that subsidiary undertaking in priority to its ordinary share capital or to any disposal by the Company or by any subsidiary undertaking of the Company of any such shares (otherwise than as aforesaid); or
- 8.7 to the capitalisation of any undistributed profits (whether or not the same are available for distribution and including profits standing to any reserve) or any sum standing to the credit of its share premium account or capital redemption reserve; or
- 8.8 to the proposal or passing of any resolution to approve a contract for the purchase by the Company or any of its subsidiary undertakings of their own shares; or

- 8.9 to the proposal or passing of any resolution to wind up or dissolve the Company or any of its subsidiary undertakings.

9. **MODIFICATION OF RIGHTS**

- 9.1 Subject to the Act, all or any of the special rights for the time being attached to any class of Shares for the time being in issue may (whether or not the Company is being wound up) only be altered or abrogated with the consent in writing of the Members holding not less than three-quarters of the issued Shares of the class concerned or with the approval of an extraordinary resolution passed at a separate general meeting of the Members holding such Shares. To any such separate general meeting all the provisions of these Articles as to general meetings of the Company shall apply, mutatis mutandis, but so that the necessary quorum shall be those persons holding or representing by proxy not less than one-third of the issued Shares of the relevant class (save that at any adjourned meeting of such Members one Member present in person or by proxy (whatever the number of Shares held by him) shall be a quorum and may constitute a meeting) and every Member holding Shares of that class shall be entitled on a poll to one vote for every such Share held by him and any Member holding Shares of that class present in person or by proxy may demand a poll.
- 9.2 The special rights conferred upon the holders of any Shares or class of Shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares or in these Articles, be deemed to be altered by the creation or issue of further Shares ranking *pari passu* therewith.

10. **SHARES**

- 10.1 The Company may in connection with the issue of any Shares exercise all powers of paying commission and brokerage conferred or permitted by the Act.
- 10.2 Except as ordered by a court of competent jurisdiction or as required by law or expressly contemplated in these Articles, no person shall be recognised by the Company as holding any Share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or any interest in any fractional part of a Share or any other right in respect of any Share except an absolute right to the entirety thereof in the registered holder.

11. LIEN

11.1 The lien conferred by Regulation 8 in Table A shall attach to all Shares (including fully paid Shares) registered in the name of any person indebted or under any liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders.

11.2 If any Pay As You Earn Scheme contribution or national insurance contribution (or similar or substituted tax or social security liability) liability (together "**employee related tax liability**") becomes payable by any member of the Primagraphics Group by reference to any Shares acquired, held or disposed of by any Member (even if the Employee or Director or former Employee or Director of the member of the Primagraphics Group by reference to which the relevant employee related tax liability arises or arose is a person other than that Member) the Member concerned shall (save as prohibited by law) be liable on demand by the Company to make payment to the Company of such amount as on an after tax basis will meet the employee related tax liability concerned and the lien referred to in Article 11.1 shall extend, as security for any such amount payable, to the Shares concerned and to any proceeds of sale or other disposal thereof.

12. TRANSFERS - GENERAL

12.1 The Directors shall not register any transfer of Shares in the Company except in the circumstances permitted in and as contemplated by Articles 12 to 15 (inclusive). In addition the Directors may decline to register the transfer of a Share on which the Company has a lien. They may also refuse to register a transfer unless:

12.1.1 it is lodged at the registered office of the Company or such other place as the Directors may appoint and is accompanied by the certificate for the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transfer or to make the transfer;

12.1.2 it is in respect of only one class of Shares;

12.1.3 it is in favour of less than four transferees.

- 12.2 Any 'B' Ordinary Shares transferred or issued to a holder of 'A' Ordinary Shares shall (without further authority than herein contained) forthwith be deemed to have been converted on a one for one basis into 'A' Ordinary Shares having all the rights, privileges and restrictions attaching thereto. Any 'A' Ordinary Shares transferred or issued to a holder of 'B' Ordinary Shares shall (without further authority than herein contained) forthwith be deemed to have been converted on a one for one basis into 'B' Ordinary Shares having all the rights, privileges and restrictions attaching thereto.
- 12.3 Notwithstanding any other provision of these Articles, no Share (or any interest therein) may be transferred whether a permitted transfer pursuant to Article 13 or whether by way of sale or otherwise (other than in connection with a Sale) to any person, firm or company which would be required under the terms of the Subscription and Shareholders Agreement to enter into a Deed of Adherence (as defined in such Agreement) prior to such transfer becoming effective and/or such person, firm or company being registered in the Register of Members of the Company unless such person, firm or company shall have entered into a Deed of Adherence (as provided in such Agreement).
- 12.4 For the purposes of Articles 13 and 15, a person shall be treated as ceasing to be a Director or an Employee only where he no longer is a Director or an Employee of any member of the Primagraphics Group.

13. **TRANSFERS - PERMITTED**

- 13.1 Any Share (or any interest therein) may be transferred at any time by a Member to any other person with the written consent of all the other Members, such consent not to be unreasonably withheld or delayed.
- 13.2 Any Share held by a Member as nominee or trustee may be transferred to any other person or persons **PROVIDED THAT** prior to such transfer the transferor certifies to the Company, and the Company is satisfied, that no beneficial interest in such Share passes by reason of the transfer and **PROVIDED FURTHER THAT** if the beneficial interest in such Share does pass subsequently otherwise than in accordance with this Article 13 the transferee shall be deemed to have given an irrevocable Sale Notice to which the provisions of Article 14 shall apply.

13.3 The Investor may transfer any Share to any of its Associates **PROVIDED THAT:**

13.3.1 prior to such transfer (save in the case of a transfer upon a distribution of the assets or investments of the Investor) the transferee gives an undertaking to the Company that if such transferee ceases to be an Associate of the transferor, immediately prior thereto such Share shall be transferred to the Investor or any other of its Associates;

13.3.2 if the transferee shall fail so to transfer the said Share, it shall be deemed to have given an irrevocable Sale Notice in respect of such Share to which the provisions of Article 14 shall apply; and

13.3.3 such transferee has entered into a Deed of Adherence (as provided in the Subscription and Shareholders Agreement).

13.4 For the purpose of ensuring that a transfer of Shares is permitted pursuant to this Article or that no circumstances have arisen whereby a Sale Notice is or may be required to be given hereunder or a Compulsory Offer be made pursuant to Article 15, the Directors may from time to time require any Member or the legal personal representatives of any deceased Member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the Directors may think fit regarding any matter which they may deem relevant to such purpose. Failing such information or evidence being furnished to the satisfaction of the Directors (acting reasonably) within a reasonable time after such requirement has been made, the Directors shall be entitled to refuse to register the transfer in question or (if no transfer is in question) to require by notice in writing that an irrevocable Sale Notice be given in respect of the Shares concerned to which the provisions of Article 14 shall apply.

13.5 Any Member who is an individual may transfer any Share to the trustees of a pension fund set up wholly or partly for the benefit of such Member **PROVIDED THAT** prior to such transfer the said trustees shall give an undertaking to the Company that (a) if the pension fund ceased to exist or to be for the benefit of such Member such Share shall be transferred back to such Member and (b) if the relevant Member ceases (for whatever reason) to be a Director and/or Employee of any member of the Primagraphics Group, the provisions of Clause 15 of the Subscription and Shareholders Agreement shall be complied with in respect of such Share.

- 13.6 Any Member who is an individual may transfer any Share to the spouse and/or children or grandchildren of such Member (including adopted children or grandchildren) who have attained the age of 18 PROVIDED THAT prior to such transfer the proposed transferee shall give an undertaking to the Company that if the relevant Member ceases (for whatever reason) to be a Director and/or Employee of any member of the Primagraphics Group the provisions of clause 15 of the Subscription and Shareholders Agreement shall be complied with in respect of such Share.
- 13.7 Any Member who is an individual may transfer any Share to the trustees of a family settlement set up wholly or partly for the benefit of such Member and/or the spouse and/or children or grandchildren of such Member (including adopted children or grandchildren) and of which the said Member is settlor PROVIDED THAT prior to such transfer the said trustees shall give an undertaking to the Company that if the relevant Member ceases (for whatever reason) to be a Director and/or Employee of any member of the Primagraphics Group the provisions of Clause 15 of the Subscription and Shareholders Agreement shall be complied with in respect of such Share.
- 13.8 Any trustees of a family settlement set up wholly or partly for the benefit of any Member and/or relatives of such Member (as referred to in Article 13.7) and of which the Member is a settlor may transfer any Share to any beneficiary of such settlement PROVIDED THAT prior to such transfer any such beneficiary shall give an undertaking to the Company that if the relevant Member ceases (for whatever reason) to be a Director and/or Employee of any member of the Primagraphics Group the provisions of Clause 15 of the Subscription and Shareholders Agreement shall be complied with in respect of such Share.
- 13.9 Any Share (or interest therein) may be transferred to an Employee at any time by any Member who is a trustee of an Employee Benefit Trust.

14. TRANSFERS - PRE-EMPTION RIGHTS

- 14.1 Save as provided in Article 13 and 15, no Shares (or any interest therein) may be transferred whether by way of sale or otherwise except in accordance with the provisions of this Article 14 (and for the purposes of this Article, "Shareholder" shall include both the registered and beneficial owners of any Shares).
- 14.2 Any Shareholder wishing to transfer all, but not part only, of the Shares held by him (hereinafter referred to as the "Retiring Shareholder") shall first give a notice in writing

(referred to in these Articles as a "Sale Notice") to the Company specifying the number and certificate numbers (if any) of the Shares which the Retiring Shareholder wishes to transfer (the "Sale Shares") which notice shall constitute the Company the agent of the Retiring Shareholder for the sale of the Sale Shares at the value per Share determined or to be determined in accordance with the provisions of Article 14.7 ("Market Value") and otherwise in accordance with the provisions of this Article 14. A Sale Notice shall require that unless all the Shares comprised in it are sold, none shall be sold.

14.3 The Retiring Shareholder shall have the right to revoke his Sale Notice within seven days of receipt by him of the auditor's certificate referred to in Article 14.7 but not otherwise.

14.4 If the Retiring Shareholder does not revoke his Sale Notice pursuant to Article 14.3 then the Company shall, forthwith upon the Market Value being determined as provided in Article 14.7 or, if earlier, the expiry of the revocation period referred to therein or (if the Market Value has already been determined upon service of the Sale Notice concerned) the date on which the Sale Notice is served (or deemed to have been served), offer the Sale Shares at the Market Value to the persons set out in this Article 14.4 ("Offerees") which offer, to the extent the same is not accepted within 30 days of the date upon which it is effective by written notice served on the Company and specifying the maximum number of Sale Shares which the relevant Offeree wishes to buy, shall be deemed to have been declined and so that the Offerees shall be entitled to buy such Sale Shares in the following priority:

14.4.1 first, if the Retiring Shareholder acquired his Shares directly from the trustees of an Employee Benefit Trust or indirectly from the trustees of an Employee Benefit Trust following one or more permitted transfers under Articles 13.4-13.6 (inclusive), the trustees of an Employee Benefit Trust shall be entitled to buy the Sale Shares;

14.4.2 secondly, to the extent that Article 14.4.1 does not apply or to the extent that the trustees of the Employee Benefit Trust decline the offer made thereunder, Members who hold Shares of the same class as the Sale Shares (for the avoidance of doubt, the 'A' Ordinary Shares shall be a different class from the 'B' Ordinary Shares) (excluding the Retiring Shareholder) shall be entitled to buy the Sale Shares (including any Sale Shares representing the proportionate entitlement of another such Offeree which is not taken up) in proportion as nearly as may be to the respective numbers of Shares of such class held by them; and

14.4.3 thirdly, to the extent such Sale Shares are not taken up pursuant to Articles 14.4.1 and 14.4.2, all Members who hold 'A' Ordinary Shares (if the Sale Shares are 'B' Ordinary Shares) or 'B' Ordinary Shares (if the Sale Shares are 'A' Ordinary Shares) shall be entitled to buy the Sale Shares (including any Sale Shares representing the proportionate entitlement of any such Offeree under Articles 14.4.1, 14.4.2 and 14.4.3 which is not taken up) in proportion as nearly as may be to the respective numbers of Shares of such aforesaid class held by them;

but so that no such Offeree shall be required to buy more than the maximum number of Sale Shares specified by such Offeree in his written acceptance notice referred to above and always **PROVIDED THAT** the total number of 'B' Ordinary Shares held in aggregate by any Employee Benefit Trust shall not exceed 15 per cent of the 'B' Ordinary Shares in issue.

14.5 If the Company shall within the applicable time limits and otherwise in accordance with Article 14.4 find purchaser(s) willing to purchase the Sale Shares ("**Purchasing Member(s)**") in respect of all or (except where the Sale Notice provides otherwise) any of the Sale Shares, it shall give notice thereof to the Retiring Shareholder which notice shall provide that he shall be bound to complete the sale and purchase of the Sale Shares pursuant thereto within seven days. The Sale Shares shall be sold and transferred with all rights declared or accrued thereon (save to the extent that the Market Value thereof has been determined on the basis that the Retiring Shareholder shall be entitled to such rights).

14.6 If the Company shall not, by the expiry of the applicable time limits, find purchaser(s) for any of the Sale Shares or (if the Sale Notice shall have required that unless all the Shares comprised in it are sold, none shall be sold) all of the Sale Shares or if through no default of the Retiring Shareholder (the revocation of a Sale Notice by the Retiring Shareholder pursuant to Article 14.3 above being a default for these purposes) the purchase of any of the Sale Shares is not completed by the expiry of the time period specified in Article 14.5 the Company shall be entitled, subject to the provisions of the Act and these Articles and, where appropriate, with the sanction of the shareholders of the Company, exercise its power to purchase all of the Sale Shares. If the Company declines or is unable to exercise such power it shall so notify the Retiring Shareholder who shall be at liberty at any time within six months from receipt of such notification to transfer such Sale Shares by way of a bona fide sale to any person he may wish **PROVIDED THAT:**

14.6.1 the terms of payment of the purchase price therefor are no more favourable than those rejected or deemed to have been rejected by the existing Members;

- 14.6.2 no Sale Shares shall be sold at a price lower than the relevant Market Value without the Retiring Shareholder first serving a further Sale Notice upon the Company specifying such lower price and so that all the provisions of this Article 14 shall apply mutatis mutandis to such further Sale Notice save that the period for acceptance in Article 14.4 shall be 21 days instead of 30 days and that the Market Value shall be deemed to be such lower price.
- 14.7 For the purposes of this Article 14, the Market Value of the Sale Shares shall be determined by agreement between the Retiring Shareholder and the Offerees, such agreement to be notified to the Offerees forthwith, and in default of agreement thereon within 10 days of the service of the Sale Notice by the Retiring Shareholder, shall be determined by the auditors of the Company from time to time at the request of any party concerned on the basis of a sale between a willing seller and a willing purchaser of the Sale Shares (but ignoring any discount attributable to what would otherwise be the sale price by virtue of the Sale Shares constituting (if such be the case) a minority holding), on a going concern basis and taking into account (if such be the case and so far as the said auditors consider appropriate) any bona fide arm's length offer from any person to purchase any Shares comprised in or of the class comprised in the Sale Notice and shall be certified by the said auditors to the Company which shall notify the Members forthwith. In so certifying the said auditors shall act as experts and not as arbitrators and their decision shall be final and binding upon the parties concerned.
- 14.8 If the Retiring Shareholder shall have failed to carry out the sale of any of the Sale Shares by the expiry of the time period specified in Article 14.5, the Directors may authorise some person to execute a transfer of the relevant Sale Shares to the relevant Purchasing Member(s) and the Retiring Shareholder shall be deemed to have appointed such person his agent to execute such transfer and the Company may give a good receipt for the purchase price of such Sale Shares and may register the relevant Purchasing Member(s) as holder(s) thereof and issue to them certificates for the same whereupon the said Purchasing Member(s) shall become indefeasibly entitled thereto. The Retiring Shareholder shall in such case be bound to deliver up his certificate for the Sale Shares to the Company whereupon the Retiring Shareholder shall be entitled to receive the purchase price which shall in the meantime be held by the Company on trust for the Retiring Shareholder but without the Retiring Shareholder having any entitlement to interest. If such certificate shall comprise any Shares which the Retiring Shareholder has not become bound to transfer as aforesaid the Company shall issue to the Retiring Shareholder a balancing certificate for such Shares.

- 14.9 The cost of obtaining a certificate of the auditors pursuant to Article 14.7 shall be borne as to half by the Retiring Shareholder and as to half by the Purchasing Member(s) (if any, and if more than one in proportion to the numbers of Sale Shares purchased by them respectively) but so that if there is no Purchasing Member the entire cost shall be borne by the Retiring Member and PROVIDED THAT if any Retiring Shareholder shall within 12 months of revoking a Sale Notice serve a further Sale Notice in respect of any of the Shares comprised in an earlier Sale Notice, the cost of obtaining a certificate relating to such further Sale Notice shall be borne wholly by such Retiring Shareholder.

15. **TRANSFERS - COMPULSORY**

- 15.1 In any case where a Manager or Employee ceases (for whatever reason) to be a Director or an Employee of any member of the Primagraphics Group provided that he no longer remains a Director or an Employee of any other member of the Primagraphics Group, such Manager or Employee (and any person holding Shares to which such Manager or Employee is beneficially entitled or to whom such Manager or Employee or such aforesaid person has transferred any Shares directly or indirectly pursuant to the provisions of Articles 13.4 to 13.6) (which Shares are together referred to herein as the "Holding") shall forthwith serve (and on failure to do so shall be deemed to have served) an irrevocable Sale Notice for the Relevant Proportion (as defined in Articles 15.3 and 15.4) of the Shares held by the Manager or Employee and any persons as aforesaid.

- 15.2 The provisions of Article 14 shall apply mutatis mutandis in relation to the transfer of Shares pursuant to Article 15.1 save that

15.2.1 no Sale Notice may require that unless all the Shares comprised in it are sold, none shall be sold and the provisions relating to revocation of a Sale Notice contained in Article 14.3 shall not apply; and

15.2.2 for the purposes of this Article, the Market Value calculated in accordance with Article 14.7 shall, during the twelve month period from the date of the adoption of these Articles, the Market Value of the Sale Shares shall not be less than of the Sale Shares paid by the Retiring Shareholder.

- 15.3 For the purposes of this Article 15 the "**Relevant Proportion**" (save as insofar as Article 15.4 applies) shall be:
- 15.3.1 in the case of a Manager who ceases to be a Director or an Employee of any member of the Primagraphics Group for any reason whatsoever other than by reason of death, serious ill-health (as determined by the Board) or retirement at normal retirement age of 60 years or such other retirement age as stipulated in the Manager's contract of employment 100 per cent;
- 15.3.2 in the case of a Manager who ceases to be a Director and/or an Employee of any member of the Primagraphics Group by reason of death, serious ill-health (as determined by the Board), or retirement at normal retirement age of 60 years or such other retirement age as stipulated in the Manager's contract of employment, 0 per cent.
- 15.4 This Article 15.4 applies in relation to that part of the Holding (if any) which was acquired by a Manager or Employee from the trustees of an Employee Benefit Trust (whether now held by a Manager or Employee or by another person as such Manager's or Employee's bare trustee or by another person to whom such Manager or Employee or such aforesaid person has transferred any of the Holding directly or indirectly pursuant to the provisions of Articles 13.4 - 13.6 (inclusive)). The Relevant Proportion in relation to the Shares to which this Article 15.4 applies is 100 per cent.
- 15.5 Where a Manager or Employee ceases (for whatever reason) to be a Director or an Employee of any member of the Primagraphics Group, and after the date of such cessation of the office of Director or employment acquires shares pursuant to rights or interests conferred upon Directors or persons employed by any member of the Primagraphics Group (or their personal representatives), such Manager or Employee shall be deemed to have served a Sale Notice in accordance with Article 15.1 in respect of the Shares so acquired on the date of the acquisition of the said shares.
16. **ACQUISITION OF CONTROL**
- 16.1 If a bona fide offer (whether or not such offer is subsequently given effect to by way of a sale and purchase agreement) (the "**Primary Offer**") shall be made which, if accepted, would result in any person (other than an existing Member together with his Connected Persons) ("**Offeror**") together with his Connected Persons and their respective nominees obtaining or holding an interest (within the meaning of section 208 of the Act) in Shares

conferring in aggregate 20 per cent. or more of the voting rights conferred by all the Shares then in issue then, save with the prior written consent of the holders of not less than 75 per cent. in nominal value of the 'A' Ordinary Shares, the Company and the persons to whom the Primary Offer is made and who wish to accept the same shall take all reasonable steps within their respective powers to procure that a like offer (the "**Compulsory Offer**") is made at the same time in respect of all the Shares then in issue as follows.

- 16.2 The Compulsory Offer shall be at the Specified Price (as hereinafter defined) per Share and shall be capable of acceptance for a period of not less than 30 days after the Specified Price shall have been determined. The "**Specified Price**" shall be the aggregate of (i) the price per Share offered by the Offeror under the terms of the Primary Offer or, if applicable and if greater, the highest amount paid for any Share by the Offeror or any of his Connected Persons in the 12 months preceding the date of the Compulsory Offer and (ii) the relevant proportion of any other consideration (in cash or otherwise) paid or payable under the Primary Offer which, having regard to the substance of the transaction as a whole, can fairly and reasonably be regarded as an addition to the price payable for each such Share and the Specified Price shall be as agreed between the Offeror and the Directors (and approved by the Special Director) save that if the Offeror and the Directors shall fail to agree thereon or the Special Director shall not have approved such price within 10 days of the date on which it first comes to the attention of the Directors that the Compulsory Offer is required to be made then the Specified Price shall be determined (at the request of any Member or Director) by the auditors of the Company for the time being acting as experts and not as arbitrators and whose decision shall be final and binding on all concerned and the costs of the auditors in such event shall be borne by the Offeror, failing which, by the Members to whom the Primary Offer has been made.
- 16.3 No transfer in favour of an Offeror or any nominee of an Offeror shall be registered unless a Compulsory Offer has been made as set out in this Article 16 and, insofar as such offer is accepted, completion has taken place and the consideration thereunder paid.
- 16.4 For the avoidance of doubt the provisions of Article 14 (save as provided in Article 13) shall apply to any proposed transfer pursuant either to a Primary Offer or to a Compulsory Offer but this Article 16 shall not apply to an offer for the acquisition of any Share or any interest therein which is permitted pursuant to Article 13.
- 16.5 This Article 16 shall apply, mutatis mutandis, to any offer which, if accepted, would result in any person together with his Connected Persons who has already obtained an interest (within the meaning of section 208 of the Act) in Shares conferring in aggregate 30 per cent.

or more of the voting rights conferred by all the Shares then in issue increasing such percentage of such voting rights by 20 per cent. or more.

17. SUBSIDIARY UNDERTAKINGS

The Board shall exercise all voting and other rights or powers of control exercisable by the Company in relation to itself and its subsidiary undertakings so as to secure (but as regards its subsidiary undertakings only insofar as by the exercise of such rights or powers of control the Board can secure) that:

17.1 no shares or other securities are issued or allotted by any such subsidiary undertaking and no rights are granted which might require the issue of any such shares or securities otherwise than to the Company or one of its wholly-owned subsidiaries; and

17.2 neither the Company nor any of its subsidiary undertakings transfers or disposes of any shares or securities of any subsidiary undertaking of the Company or any interest therein or any right attached thereto otherwise than:

17.2.1 to a member of the Primagraphics Group; or

17.2.2 in connection with the granting of security under the Financing Documents or the enforcement thereof; and

18. NUMBER AND APPOINTMENT OF DIRECTORS

18.1 Unless and until otherwise determined by an ordinary resolution of the Company, the Directors shall be not less than two in number and there shall be no maximum number of Directors.

18.2 Any Member who is not a company and who is not already a Director holding 8% or more of the nominal amount of the 'B' Ordinary Shares shall be entitled to appoint and remove one Director. Such appointment or removal shall be made by notice in writing signed by the said Member and shall be served upon the Company at its registered office. Any Director appointed pursuant to this Article 18 shall have the right also to be appointed as a Director

of each subsidiary undertaking of the Company and if so requested the Company shall procure such appointment.

19. **SPECIAL DIRECTOR**

19.1 Members holding a majority in nominal amount of the 'A' Ordinary Shares shall be entitled to appoint and remove one Director who shall be a "**Special Director**". Such appointment or removal shall be made by notice in writing signed by such Members and served upon the Company at its registered office. Any Director appointed pursuant to this Article 19.1 shall have the right also to be appointed as a Director of each subsidiary undertaking of the Company (and if so requested the Company shall procure such appointment).

19.2 If at any time there is no Special Director, then any provision of these Articles requiring the consent or approval of the Special Director or any matter to be determined by the Special Director thereby shall be construed as if such requiring the consent or approval or the determination of the majority of the 'A' Ordinary Shareholders.

19.3 The remuneration and reasonable expenses of the Special Director, as shall be agreed between him and the Board, shall be payable by the Company. In the event that the Special Director and the Board fail to agree such sums, the Investor shall determine the amount of such sums, acting reasonably and according to market practice.

20. **REMOVAL OF DIRECTORS**

20.1 The office of Director shall be vacated if the Director:

20.1.1 becomes bankrupt or makes any arrangement or composition with his creditors generally; or

20.1.2 becomes prohibited from being a Director by reason of any order made under any legislation; or

20.1.3 in the reasonable opinion of all his co-Directors becomes incapable by reason of mental disorder, serious illness or injury of discharging his duties as Director; or

20.1.4 resigns his office by notice in writing to the Company; or

- 20.1.5 is removed from office by a resolution duly passed under section 303 of the Act.
- 20.2 On any resolution proposed under section 303 of the Act to remove the Special Director, the A Ordinary Shareholders shall together have such number of votes for the 'A' Ordinary Shares held by it as shall be one vote in excess of 75 per cent. of the total number of votes exercisable at the general meeting at which such resolution is to be proposed, such votes to be apportioned amongst the A Ordinary Shareholders in proportion to their respective holdings of 'A' Ordinary Shares.
- 20.3 The Directors shall not be subject to retirement by rotation and Regulations 76 to 80 of Table A shall be modified accordingly.

21. **ALTERNATE DIRECTORS**

- 21.1 Any Director may by writing under his hand served on the Company appoint any person as his alternate PROVIDED THAT if the appointing Director is not a Special Director and the person so appointed is not another Director such person must first be approved as an alternate by the Board. Every such alternate shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served on him) be entitled to receive notices of all meetings of the Directors and in the absence from the Board of the Director appointing him, to attend and vote at meetings of the Directors, and to exercise all the powers, rights, duties and authorities of the Director appointing him. A Director may at any time revoke (in writing served on the Company) the appointment of an alternate appointed by him and subject, if applicable, to such approval as aforesaid appoint another person in his place and if a Director shall die or cease to hold the office of Director the appointment of his alternate shall thereupon automatically cease and determine. A Director acting as alternate shall have an additional vote at meetings of Directors for each Director for whom he acts as alternate but he shall count as only one for the purpose of determining whether a quorum is present.
- 21.2 An alternate Director shall be an officer of the Company and shall not be deemed to be the agent of the Director appointing him.

22. **DIRECTORS' PROCEEDINGS**

22.1 Subject as provided in these Articles and in the Subscription and Shareholders Agreement, the Directors may regulate their proceedings as they think fit. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors. Not less than 7 working days' notice of meetings of the Directors shall be given unless the Special Director agrees to a lesser period of notice. It shall not be necessary to give notice of a meeting to a Director who is absent from the United Kingdom, except for notice to the Special Director. Questions arising at a meeting of the Directors shall, subject as otherwise provided in these Articles, be decided by a majority of the votes save that in the event of an equal number of votes being cast for and against a particular resolution the Chairman shall have a second vote.

22.2 The quorum for the transaction of the business of the Directors shall be two PROVIDED THAT:

22.2.1 one such Director shall be a Special Director, if any such have been appointed;

22.2.2 *if a quorum is not present within 30 minutes after the time appointed for the meeting, the meeting shall be adjourned until two days later at the same time and place or at such other time or place as the Directors may determine and at such adjourned meeting a quorum shall consist of any two Directors.*

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

23. **DIRECTORS' INTERESTS**

Without prejudice to the obligation of any Director to disclose his interest in accordance with section 317 of the Act a Director may vote as a Director in regard to any contract, transaction or arrangement in which he is interested, or upon any matter arising thereat, and if he does so vote his vote shall be counted and he shall be taken into account in calculating a quorum for the relevant Board meeting and Regulation 94 of Table A shall be modified accordingly.

24. **EXECUTIVE OFFICE**

Subject as provided in these Articles, the Directors may from time to time appoint one or more of their body to hold any executive office in the management of the business of the Company as the Directors may decide such appointment being (subject to section 319 of the Act, if applicable) for such fixed term or without limitation as to period and on such terms as they think fit and a Director appointed to any executive office shall (without prejudice to any claim for damages for breach of any service contract between him and the Company), if he ceases to hold the office of Director from any cause, ipso facto and immediately cease to hold such executive office.

25. **COMMITTEES**

The Directors may establish and maintain in being a committee or committees consisting of not less than two persons to act for such purposes as the Board, with the approval of the Special Director. The quorum for meetings of such committees shall be all the members thereof and no resolution of the Committee shall be effective unless at least two members thereof shall have voted in favour of such resolution.

26. **DIRECTORS' FEES**

Save as provided elsewhere in these Articles or in the Subscription and Shareholders Agreement the Directors shall not be paid any fees.

27. **AGE OF DIRECTORS**

No person shall be disqualified from being appointed a Director and no Director shall be required to vacate that office by reason only of the fact that he has attained the age of 70 years or any other age.

28. **DIRECTORS' SHAREHOLDING QUALIFICATION**

No shareholding qualification for Directors shall be required.

29. **SHARE RIGHTS**

- 29.1 Subject to any special rights conferred on the holders of any Shares or class of Shares, any Share in the Company may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may by special resolution determine.
- 29.2 Subject to the Act and to any special rights conferred on the holders of any Shares or class of Shares, the Company may:
- 29.2.1 issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholders concerned;
 - 29.2.2 purchase any of its own shares (including any redeemable shares); and
 - 29.2.3 make payment in respect of the redemption or purchase, pursuant to sections 159 and 160 or (as the case may be) section 162 of the Act and the relevant power under Articles 29.2.1 and 29.2.2, of any of its own shares, otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares to the extent permitted by sections 171 and 172 of the Act.

30. **NOTICES**

Every notice calling a general meeting shall comply with the provisions of section 372(3) of the Act and all notices and other communications relating to a General Meeting which any Member is entitled to receive shall also be sent to the auditor for the time being of the Company.

31. **PROCEEDINGS AT GENERAL MEETINGS**

- 31.1 All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting with the exception of the declaration of a dividend, the consideration of the accounts and the reports of the Directors and auditors, the appointment of and the fixing of the remuneration of the auditors and the fixing of the remuneration of the Directors.

31.2 No business shall be transacted at any general meeting unless a quorum is present. A quorum shall consist of two persons entitled to vote upon the business to be transacted, each being a Member present in person or a proxy for a Member or a duly authorised representative of a Member corporation PROVIDED THAT:

31.2.1 one such person shall be a proxy or representative of the Investor; and

31.2.2 if a quorum is not present within 30 minutes after the time appointed for the meeting, the meeting shall be adjourned until two days later at the same time and place or at such other time or place as the Directors may determine and at such adjourned meeting a quorum shall consist of any two Members.

31.3 It shall not be necessary to give any notice of any adjourned meeting and Regulation 45 of Table A shall be construed accordingly.

31.4 A poll may be demanded by the Chairman or by any Member present in person or by proxy and entitled to vote and Regulation 46 of Table A shall be modified accordingly.

32. WRITTEN RESOLUTIONS

Subject to the provisions of the Act, a resolution in writing executed or approved by telegram, telefax or telex by or on behalf of:

32.1 all the relevant Members in the case of a resolution of the Members or any class thereof; or

32.2 all the Directors, in the case of a resolution of the Board; or

32.3 all the members thereof, in the case of a committee of the Directors;

shall be as valid and effective as if the same had been duly passed at a general meeting or Board meeting or committee meeting (as the case may be) and such written resolution may consist of several documents in like form each executed or approved by one or more persons. Regulations 53 and 93 of Table A shall be modified accordingly.

33. **INDEMNITY**

In addition to the indemnity contained in Regulation 118 of Table A and subject to the provisions of section 310 of the Act, every Director, agent, auditor, secretary and other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities properly incurred by him in or about the execution and discharge of the duties of his office.

34. **RELATIONSHIP TO OTHER AGREEMENTS**

Each of these Articles is subject to the terms of the Subordination and Intercreditor Agreement, Senior Credit Agreement and the Mezzanine Credit Agreement which terms shall prevail to the extent that they conflict with their Articles.

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