

37767

DATED

23 August

1999

- (1) PHILIP WHITE AND OTHERS
- (2) PERDIX INVESTMENTS LIMITED
- (3) ROYAL BANK DEVELOPMENT
CAPITAL LIMITED

SHARE EXCHANGE AGREEMENT

in respect of Wyko Group plc

as a true copy of the original

Eversheds 4/9/2000

Eversheds
115 Colmore Row
Birmingham
B3 3AL



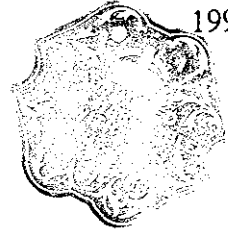
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THIS AGREEMENT is made on

23 August

1999



BETWEEN:-

- (1) **THE PERSONS** whose names and addresses are set out in the Schedule ("the Managers"); and
- (2) **PERDIX INVESTMENTS LIMITED** (Company Number: 3776822) whose registered office is at 115 Colmore Row, Birmingham B3 3AL ("Perdix" or "the Company")
- (3) **ROYAL BANK DEVELOPMENT CAPITAL LIMITED** (Company Number: SC 139616) whose registered office is at 42 St. Andrews Square, Edinburgh, EH2 2YE ("RBDC")

Background

- (A) Perdix is a private company limited by shares incorporated in England under the Act having an authorised share capital of £2,618,280 divided into 2,155,630 A ordinary shares of £1 each and 462,650 ordinary shares of £1 each, of which two ordinary shares of £1 each are issued fully paid or credited as fully paid and are registered in the name of Richard Johnson, one of the Managers.
- (B) The Managers hold the number of Wyko Shares shown opposite their respective names in column 2 of the Schedule.
- (C) Philip White, one of the Managers, holds or is otherwise interested in additional Wyko Shares which are not subject to this Agreement.
- (D) Perdix is a company formed for the purpose of making the Offer.
- (E) The Managers have agreed to exchange certain Wyko Shares for Perdix Ordinary Shares and Management Loan Notes and to subscribe in cash for

Perdix Ordinary Shares and/or Management Loan Notes subject to and in accordance with the terms set out in this Agreement.

IT IS HEREBY AGREED

1. Interpretation

In this Agreement:-

1.1. the following expressions have the following meanings unless inconsistent with the context:-

<u>Expression</u>	<u>Meaning</u>
"the Act"	the Companies Act 1985, as amended
"the Articles"	the new articles of association of Perdix to be adopted pursuant to the Investment Agreement
"Completion"	completion of the matters set out in clause 4 in accordance with its terms
"the Investment Agreement"	the investment agreement entered into on the date hereof and made between (1) Perdix (2) the Managers (3) Royal Bank Development Capital Limited and (4) the Investors (as defined therein)
"the Managers"	the persons whose details are set out in the Schedule

"the Management Loan Notes"	the fixed rate unsecured loan notes of Perdix in the agreed terms to be issued pursuant to this Agreement
"Mr. Morris"	Anthony Morris, one of the Managers
"Perdix Ordinary Shares"	ordinary shares of £1 each in the capital of Perdix
"the Offer"	the offer to be made by KPMG Corporate Finance on behalf of Perdix for the entire issued and to be issued share capital of Wyko other than those Wyko Shares agreed to be acquired under this Agreement
"Offer Price"	the price of 129 pence to be offered by the Company for the Wyko Shares (other than those Wyko Shares agreed to be being acquired under this Agreement) pursuant to the Offer or such higher price as may be offered if the Offer is subsequently revised
"the Parties"	Perdix, the Managers and RBDC
"Wyko"	Wyko Group plc
"Wyko Shares"	ordinary shares of 10p each in the capital of Wyko
"the Receiving Agent"	IRG plc, the receiving agent to the Offer

“Share Exchange Shares”

the Wyko Shares (if any) set out opposite the Managers’ names in column (2) of the Schedule

- 1.2. references to a document being “in the agreed terms” will be construed as references to that document in the form agreed and initialled by or on behalf of the Parties;
- 1.3. references to clauses and the Schedule are to clauses of and the Schedule to this Agreement; and
- 1.4. the Schedule has full force and effect as if expressly set out in the body of this Agreement.

2. Share Exchange and Subscription

- 2.1. Subject to and conditional upon, the conditions precedent set out in clause 3 being satisfied:-
 - 2.1.1. each Manager (other than Anthony Morris) shall forthwith transfer to Perdix the number of Share Exchange Shares (if any) set out opposite his name in column (2) of the Schedule at the Offer Price in consideration of Perdix allotting and issuing to him the number of Perdix Ordinary Shares and issuing to him the amount of Management Loan Notes set out opposite his name in columns (3) and (4) respectively of the Schedule; Provided always that if the Offer Price is greater than 129 pence the amount of Management Loan Notes shall (subject to rounding down to the nearest pound sterling) be increased to reflect the aggregate consideration in excess of 129 pence per Share Exchange Share receivable by him; and
 - 2.1.2. each Manager (other than Anthony Morris) shall forthwith subscribe in cash:-

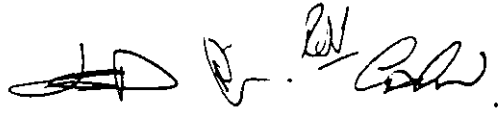
- 2.1.2.1. the sum (if any) set out opposite his name in column (5) of the Schedule for the number of Perdix Ordinary Shares (if any) set out opposite his name in column (6) of the Schedule; and
 - 2.1.2.2. the sum (if any) set out opposite his name in column (7) of the Schedule for the equivalent amount of Management Loan Notes; and
 - 2.1.3. Anthony Morris shall, within 35 days after the date on which the Company is registered as the holder of Wyko Shares representing not less than 25 per cent of the issued share capital of Wyko, subscribe in cash:-
 - 2.1.3.1. the sum (if any) set out opposite his name in column (8) of the Schedule for the number of Perdix Ordinary Shares set out opposite his name in column (9) of the Schedule; and
 - 2.1.3.2. the sum (if any) set out opposite his name in column (10) of the Schedule for the equivalent amount of Management Loan Notes
- 2.2. The Share Exchange Shares will be sold and transferred to the Company fully paid up and free from all liens, equities, charges, encumbrances and other third party rights or interests and together with all rights attaching thereto on or after the date of announcement of the Offer, including voting rights and the rights to receive and retain all dividends and other distributions (if any) declared, made or paid on or after the date of announcement of the Offer.
- 2.3. The Perdix Ordinary Shares allotted and issued to the Managers pursuant to clause 2.1, shall be fully paid or credited as fully paid and shall have attached thereto the rights set out in the Articles.
- 2.4. The Managers shall be deemed to have delivered to the Company at the relevant time applications for the Perdix Ordinary Shares and

Management Loan Notes in the amounts agreed to be subscribed by them in cash.

- 2.5. Each of the Managers hereby irrevocably authorises and requests the Company and the Receiving Agent to deduct from and/or apply (as the case may be) the amount of cash (if any) payable to him in respect of the sale of any of the Wyko Shares or the cancellation of any options over Wyko Shares *through the Offer in or towards paying up the cash subscriptions referred to in clauses 2.1.2 and 2.1.3.*
- 2.6. Any cash subscriptions not deemed to have been made under clause 2.5 shall be made by way of a banker's draft drawn in favour of Perdix on a London clearing bank or by such other means as the relevant Manager and Perdix may agree.
- 2.7. Each of the Managers hereby waives all and any rights of pre-emption over the Perdix Ordinary Shares which have been (or are to be) conferred on him pursuant to the Articles or otherwise howsoever.

3. **Conditional Agreement**

- 3.1. Completion of this Agreement is conditional upon the satisfaction of the following conditions precedent:-
 - 3.1.1. the conditions precedent set out in Part 2 of Schedule 6 to the Investment Agreement having been satisfied or waived in accordance with its terms; and
 - 3.1.2. the registration of Perdix in the register of members of Wyko as the holder of Wyko Shares representing not less than 25% of the *issued share capital of Wyko.*
- 3.2. For the avoidance of doubt:-
 - 3.2.1. the obligation to perform any of the matters contemplated by this Agreement shall be and remain conditional unless and until both the conditions set out in clause 3.1 are satisfied; and



3.2.2. this Agreement shall cease to be binding on the parties if the Offer lapses or is withdrawn or the Conditions set out in clause 3.1 have not been satisfied on or before 24 December 1999.

4. **Completion**

As soon as reasonably practicable following the satisfaction of the conditions precedent set out in clause 3 and in any event no later than the business day following the satisfaction of the conditions precedent in clause 3, completion of the matters set out in clauses 2.1.1 and 2.1.2 will take place at the registered office of Perdix or such other place as the Parties shall agree when:-

4.1. the Managers shall:-

4.1.1. deliver to Perdix duly executed transfers of the Share Exchange Shares in favour of Perdix together with all relevant share certificates or, in the case of any lost certificate, an indemnity satisfactory to Perdix in relation to such certificate;

4.1.2. make or be deemed to have made the cash subscriptions referred to in clause 2.1.2; and

4.2. Perdix shall procure that a meeting of the directors or of a committee of the directors of Perdix is convened and held at which the Perdix Ordinary Shares are allotted and issued and Management Loan Notes are issued to the Managers in the amounts shown opposite their respective names in columns (3), (4), (6) and (7) of the Schedule and shall deliver to the Managers definitive share and/or loan certificates in respect thereof.

5. **Post Completion Matters**

Within thirty five days following Completion:-

5.1. Mr. Morris shall make or be deemed to have made the cash subscription referred to in clause 2.1.3; and

5.2. Perdix shall procure that a meeting of the directors or of a committee of the directors of Perdix is convened and held at which the Perdix Ordinary

5.2. Perdix shall procure that a meeting of the directors or of a committee of the directors of Perdix is convened and held at which the Perdix Ordinary Shares are allotted and issued and Management Loan Notes are issued to Mr. Morris in the amounts (if any) shown opposite his name in columns (9) and (10) of the Schedule and shall deliver to Mr. Morris definitive share and loan certificates in respect thereof.

6. **Power of Attorney**

Each of the Managers hereby irrevocably appoints any director for the time being of RBDC to be his attorney ("the Attorney") and, following satisfaction of the conditions set out in clause 3, in his name or on his behalf to do all things necessary to give effect to the terms of this Agreement including (without limitation) the execution of stock transfer forms, indemnities or waivers in relation to the Share Exchange Shares or the Perdix Ordinary Shares to be allotted and issued in exchange therefor and, the exercise of the rights attached to the Share Exchange Shares to receive notice of and attend and vote at general meetings, nominate proxies on his behalf and sign on his behalf consents to short notice and written resolutions as the Attorney shall in his absolute discretion think fit.

7. **No Termination or Variation**

The Managers and Perdix agree (each with the others and RBDC) that:-

- 7.1. neither the Managers nor Perdix shall have any right to rescind or terminate (and shall not purport to rescind or terminate) this Agreement or any of their respective obligations under this Agreement; and
- 7.2. no amendment, variation or waiver of the terms of this Agreement shall be made without the prior written consent of RBDC.

8. **General**

- 8.1. Each party shall, at its own cost, do and execute or procure to be done and executed all necessary acts, deeds, documents and things reasonably within its power to give effect to this Agreement.
- 8.2. *This Agreement may be executed in any number of counterparts and by the Parties on separate counterparts, each of which so executed and delivered will be an original, but all counterparts together will constitute one and the same agreement.*
- 8.3. The formation, existence, construction, performance, validity and all aspects whatsoever of this Agreement or any term of this Agreement shall be governed by English Law and the English courts shall have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and the Parties agree to submit to such jurisdiction.

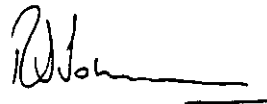
THIS AGREEMENT is executed as a deed and is delivered on the date stated at the beginning of this Agreement.

SCHEDULE 1

(1) Name of Manager	(2) Number of Share Exchange Shares	(3) Number of Perdix Ordinary Shares	(4) Amount of Management Loan Notes	(5) Cash subscription for Perdix Ordinary Shares	(6) Number of Perdix Ordinary Shares	(7) Cash Subscription for Management Loan Notes	(8) Further Cash subscription for Perdix Ordinary Shares	(9) Number of additional Perdix Ordinary Shares	(10) Additional cash subscription for Management Loan Notes
			£	£			£		£
Philip White	620,156	122,762	677,238	-	-	-	-	-	-
Richard Johnson	200,000	128,183*	129,815	-	-	4,925	-	-	-
Geoff Winters	38,333	49,449	-	19,499	19,499	16,321	-	-	-
Colin Lyne	5,000	6,450	-	18,075	18,075	5,928	-	-	-
Alan Link	1,000	1,290	-	67,658	67,658	16,321	-	-	-
Tony Morris	-	-	-	35,039	35,039	-	1,980	1,980	8,661
Michael Freeman	11,804	12,263	2,964	-	-	-	-	-	-
	876,293	320,397	810,017	140,271	140,271	43,495	1,980	1,980	8,661

* Richard Johnson will receive 2 Perdix Ordinary Shares less than his entitlement because he will hold the two subscriber shares in Perdix.

EXECUTED as a DEED by
PHILIP WHITE
in the presence of:-

 (co attorney for
Philip White)

Name:



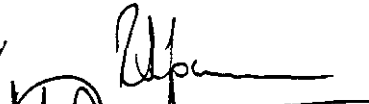
Address:

MARK NOBLE
115 COLMAR LANE
BIRMINGHAM

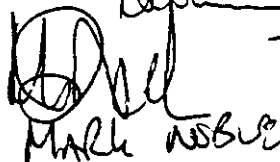
Occupation:

B3 3AL SOLICITOR

EXECUTED as a DEED by
RICHARD JOHNSON
in the presence of:-



Name:



Address:

AS ABOVE

Occupation:

EXECUTED as a DEED by
GEOFFREY WINTERS
in the presence of:-



Name:

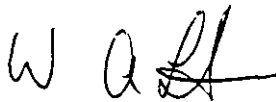


Address:

MARK NOBLE
AS ABOVE

Occupation.

EXECUTED as a DEED by
ALAN LINK
in the presence of:-



Name:



Address:

MARK NOBLE
AS ABOVE

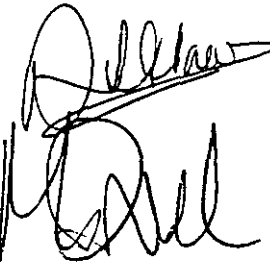
Occupation.

**EXECUTED as a DEED by
ANTHONY MORRIS**
in the presence of:-

Name:

Address:

Occupation.

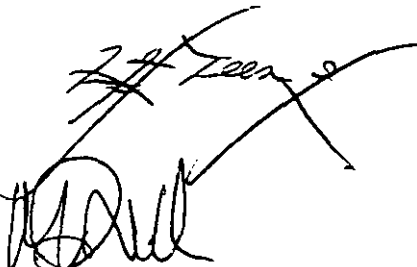

MARK NOBLE
AS MARK

**EXECUTED as a DEED by
MICHAEL FREEMAN**
in the presence of:-

Name:

Address:

Occupation.

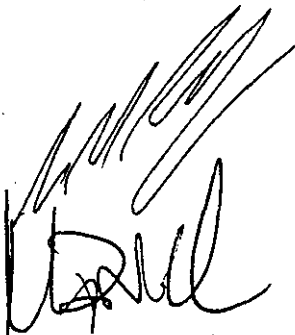

MARK NOBLE
AS MARK

**EXECUTED as a DEED by
COLIN LYNE**
in the presence of:-

Name:

Address:



Occupation.


MARK NOBLE
AS MARK

**EXECUTED AS A DEED
by
PERDIX INVESTMENTS LIMITED**

Director

Director/Secretary

EXECUTED AS A DEED
by
**ROYAL BANK DEVELOPMENT
CAPITAL LIMITED**

Director

Director/Secretary

A handwritten signature in black ink, appearing to be "John D.", written over a horizontal line.A handwritten signature in black ink, appearing to be "D. D. D.", written over a horizontal line.