

No. 3796653



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THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

RESOLUTION

- of -


BLUE SQUARE LIMITED

At an Extraordinary General Meeting of the Company held at Park House 16 Finsbury Circus London EC2M 7UR on ~~7 OCTOBER~~ 1999 the following Resolution was passed as a Special Resolution.

SPECIAL RESOLUTION

THAT:-

- 1 4,994,999 of the unissued Ordinary Shares of £1 each in the capital of the Company and the 1 issued Ordinary Share in the capital of the Company be re-designated as A Ordinary Shares and 5,000 of the unissued Ordinary Shares in the capital of the Company be re-designated as B Ordinary Shares; and
- 2 the regulations contained in the document marked "A" submitted to this meeting and for the purposes of identification signed by the Chairman be and are hereby adopted as the new Articles of Association of the Company in substitution for the existing Articles of Association of the Company.


Chairman

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION

- of -

BLUE SQUARE LIMITED

(Adopted by Special Resolution passed on
the 7th day of October 1999)

PRELIMINARY

- 1.1 The Regulations contained or incorporated 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 (hereinafter called "Table A") shall apply to the Company, save insofar as they are varied or excluded by or are inconsistent with the following Articles.
- 1.2 In Regulation 1 of Table A, the words "and in Articles of Association adopting the same" shall be inserted after the word "regulations" in the last paragraph of that Regulation and the sentence "Any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force" shall be inserted at the end of that Regulation.
- 1.3 Regulations 40, 73 to 77 (inclusive), 80, 90, and 94 to 98 (inclusive) and 118 of Table A shall not apply to the Company.
- 1.4 Where the context so admits, words importing the singular number shall include the plural and vice versa and words importing the masculine shall include the feminine.
- 1.5 Any reference in these Articles of Association to any enactment shall be construed as a reference thereto as consolidated, amended, modified or re-enacted from time to time.

SHARE CAPITAL

- 2.1 The share capital of the Company at the date of the adoption of these Articles of Association is £5,000,000 divided into 4,995,000 A Ordinary Shares of £1 each

("the A Ordinary Shares") and 5,000 B Ordinary Shares of £1 each ("the B Ordinary Shares") and save as otherwise provided in these Articles of Association the A Ordinary Shares and B Ordinary Shares shall rank pari passu in all respects but shall constitute two separate classes of shares.

- 2.2 The Directors are authorised, for the purposes of Section 80 of the Act, to allot and issue relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal value of £4,999,999. This authority shall expire on the fifth anniversary of the date of the adoption of these Articles unless previously revoked, renewed or varied by the Company in general meeting.
- 2.3 The Directors shall be entitled, pursuant to the authority conferred by Article 2.2 or any renewal or variation of such authority to make at any time prior to its expiry any offer or agreement which would or might require relevant securities to be allotted after such expiry and to allot relevant securities pursuant to any such offer or agreement.
- 2.4 Unless otherwise determined by Special Resolution of the Company in General Meeting, and subject to Articles 2.5, 2.6 and 2.7, any shares for the time being unissued and any new shares from time to time to be created which are to be paid up or allotted for cash (within the meaning of section 738 of the Act) shall before they are issued be offered to the holders of the A Ordinary Shares and the B Ordinary Shares in proportion to the numbers of A Ordinary Shares and B Ordinary Shares held by them respectively. The offer shall be made by notice specifying the number and class of shares offered and the price per share and limiting a time (not being less than five business days or greater than 10 business days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of such time, or on the receipt of an indication from the person to whom the offer is made that he declines to accept the shares offered or any of them, the Directors shall offer the shares declined in like manner to the other holders of shares who have agreed to subscribe for all the shares offered to them. If the shares comprised in such further offer are declined or deemed to be declined the further offer shall be withdrawn.
- 2.5 Unless in any particular case the holders of a majority of the A Ordinary Shares and a majority of the B Ordinary Shares for the time being in issue shall otherwise agree in writing:
- 2.5.1 no A Ordinary Share shall be issued except to existing holders of A Ordinary Shares;
- 2.5.2 no B Ordinary Share shall be issued except to existing holders of B Ordinary Shares.
- 2.6 Subject to the provisions of these Articles of Association and to the provisions of Section 80 of the Act the 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:
- 2.6.1 No shares shall be issued at a discount.

- 2.6.2 No share to which Article 2.4 applies shall be issued more than three months after the expiry of the period for acceptance of the last offer of such shares made under Article 2.4 unless the procedure set out therein is repeated in respect of such shares (and so that the time limit set out in this paragraph 2.6.2 shall apply equally to any repetition of that procedure)
- 2.6.3 No shares shall be issued at a price less than that at which they were offered to the members of the Company in accordance with Article 2.4 and so that (if the Directors are proposing to issue such shares wholly or partly for non-cash consideration) the cash value of such consideration for the purposes of this subparagraph shall be as reasonably determined by the Auditors of the Company for the time being who shall act as experts and not as arbitrators and whose determination shall be final and binding on the Company and each of its members.
- 2.7 The provisions of Sections 89(1), 90(1) to 90(6) of the Act shall not apply to the Company.

LIEN

- 3 Without prejudice to the lien conferred by Regulation 8, the Company shall have a first and paramount lien on all shares (both fully paid and partly paid) for all monies presently payable by a member to the Company. The lien conferred above and by Regulation 8 shall attach to all shares registered in the name of any person indebted to the Company whether he be the sole registered holder thereof or one or two more joint holders.

CALLS

- 4 The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of Regulation 18 of the words "and all expenses that may have been incurred by the Company by reason of such non-payment".

TRANSFERS OF SHARES

- 5.1 The Directors shall be required (subject only to paragraph 5.2 of this Article) to register promptly any transfer of shares made in accordance with the provisions of Articles 6 or 7 below, but shall not register any transfer of shares not so made.
- 5.2 The Directors may refuse to register a transfer unless:
- 5.2.1 it is lodged at the office 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 transferor to make the transfer;
- 5.2.2 it is in respect of only one class of share; and
- 5.2.3 it is in favour of not more than four transferees
- and may also refuse to register

5.2.4 the transfer of a share which is not fully paid to a person of whom they do not approve;

5.2.5 the transfer of a share on which the Company has a lien; and

5.2.6 the transfer of a share to a bankrupt, a minor or a person of unsound mind.

6 In this Article and in Article 7 the following words shall bear the following meanings:-

Acceptance Period: the period during which the offer made under Article 7.3 is open for acceptance;

the Prescribed Price: the price per B Ordinary Share specified in the Transfer Notice or (if no price is specified) the price per B Ordinary Share agreed or determined pursuant to Article 7.2;

Proposing Transferor: a member proposing to transfer or dispose of B Ordinary Shares or any interest in B Ordinary Shares;

Purchaser: a Member willing to purchase B Ordinary Shares comprised in a Transfer Notice;

Transfer Notice: a written notice served or deemed to be served by a member on the Company in accordance with Article 7;

the Withdrawal Period: the period referred to in Article 7.5.

6.1 Subject to the provisions of Articles 5, 8 and 9, any A Ordinary Shares may at any time be transferred by the holders of such A Ordinary Shares to such persons and on such terms as they see fit.

6.2 Subject to the provisions of Article 5, 8 and 9, all of the B Ordinary Shares (but not some only) may at any time be transferred by the holders of such B Ordinary Shares pursuant to Article 7.

7 The right to transfer or dispose of the B Ordinary Shares or any interest therein shall (save in respect of transfers made pursuant to Articles 8 and 9) be subject to the following restrictions.

7.1 Before transferring, or disposing of, any B Ordinary Shares (or any interest in Shares) the Proposing Transferor shall serve a Transfer Notice on the Company and the Transfer Notice shall constitute the Company his agent for the sale of all of the B Ordinary Shares (but not some only) at the Prescribed Price to any member or members. Except as provided in this Article, a Transfer Notice once given or deemed to be given shall not be revocable except with the consent of the Directors.

7.2.1 Forthwith following receipt of a Transfer Notice which does not specify a Prescribed Price, the Directors of the Company shall seek to agree the Prescribed Price with the Proposing Transferor. In the event that the Prescribed Price is not agreed within 14 days of receipt of the Transfer Notice by the Company the

Directors shall request the Auditors of the Company (acting as experts and not as arbitrators) to certify the Prescribed Price.

- 7.2.2 The Auditors shall within 14 days of such a request certify to the Company the Prescribed Price, being the value of each B Ordinary Share calculated on the following basis:-
- 7.2.3 By determining the sum which a willing purchaser would offer to a willing vendor for all of the issued B Ordinary Shares;
- 7.2.4 By dividing the resultant figure by the number of B Ordinary Shares in issue;
- 7.2.5 By making such adjustment (if any) as the Auditors consider necessary to allow for any rights which may be outstanding under which any person may call for the issue of further shares in the capital of the Company;
- 7.2.6 By making such adjustment as the Auditors consider necessary to reflect any premium or discount arising in relation to the size of the holding the subject of the Transfer Notice or in relation to any restrictions on the transferability of the B Ordinary Shares.
- 7.3 The B Ordinary Shares shall, within 14 days following receipt of the Transfer Notice or (in a case falling within Article 7.2.1) agreement or certification of the Prescribed Price be offered by the Company to each member (other than the Proposing Transferor) for purchase at the Prescribed Price in accordance with Article 7.4. All offers shall be made by notice in writing and shall limit a time (being between thirty and forty two days inclusive) within which the offer must be accepted or, in default, will be deemed to have been declined. A copy of such offers shall at the same time be sent by the Company to the Proposing Transferor.
- 7.4 The Company shall offer the B Ordinary Shares on the following basis:-
 - 7.4.1 If there is more than one Member to whom an offer is to be made, the B Ordinary Shares shall be offered to such Members in proportion as nearly as may be to their existing holdings of shares, and the Directors' decision as to the number of shares which shall be "in proportion as nearly as may be to their existing holdings of shares" shall be conclusive.
 - 7.4.2 Any member to whom B Ordinary Shares are offered may accept all but not some only of the B Ordinary Shares offered to him.
 - 7.4.3 Each member to whom the offer is made (if more than one) shall be invited to indicate whether, if he accepts the number of B Ordinary Shares offered to him pursuant to Article 7.4.1, he wishes to purchase any B Ordinary Shares offered to other members in the same offer which they decline to accept (such B Ordinary Shares being referred to as "excess shares"), and if so the maximum number which he wishes to purchase.
 - 7.4.4 If there are any excess shares they shall be allocated between the members who have indicated that they wish to purchase excess shares. If the number of excess shares available is insufficient the excess shares shall be allocated between the members seeking to purchase them as follows:

- 7.4.4.1 any member who has sought to purchase no more than his proportionate entitlement of excess shares (calculated by reference to the proportion of the total holdings of shares of members seeking to purchase excess shares represented by that member's holding) shall be allocated all the excess shares he sought to purchase;
- 7.4.4.2 any member or members who sought to purchase more than their proportionate entitlement shall have the number of excess shares applied for scaled down and (if more than one) in proportion to their respective holdings of shares in the capital of the Company.
- 7.4.5 Subject to the provisions of this Article, the Purchasers shall be bound to purchase the B Ordinary Shares allocated to them under the provisions of this Article 7.4 at the Prescribed Price.
- 7.5 Not later than 7 days following the expiration of the Acceptance Period the Company shall give written notice to the Proposing Transferor stating either:-
- 7.5.1 if it is the case, that no member has sought to purchase any of the B Ordinary Shares; or, otherwise;
- 7.5.2 the number of B Ordinary Shares which members have sought to purchase, giving the name and address of each Purchaser and the number of B Ordinary Shares to be purchased by him;
- and so that in the event that Purchasers have been found in the Acceptance Period for some only of the B Ordinary Shares the Proposing Transferor may within 7 days of service on him of notice under this Article 7.5 revoke his Transfer Notice by written notice to the Company and/or sell the B Ordinary Shares in accordance with Article 7.8.
- 7.6 In the event that the Proposing Transferor is given notice under Article 7.5.2 (and subject to the Proposing Transferor not revoking his Transfer Notice in accordance with Article 7.5, where possible) the Proposing Transferor shall be bound, on payment of the Prescribed Price, to transfer the B Ordinary Shares in question to the respective Purchasers. The sale and purchase shall be completed at the registered office of the Company during normal business hours on the first business day after the expiry of 14 days from the date of service of notice under Article 7.5.2.
- 7.7 If a Proposing Transferor, having become bound to transfer any B Ordinary Shares to a Purchaser, shall fail to do so, the Directors may authorise any person to execute on behalf of, and as attorney for, the Proposing Transferor any necessary instruments of transfer and shall register the Purchaser as the holder of the relevant B Ordinary Shares. The Company's receipt of the purchase money shall be a good discharge to the Purchaser, and the Company shall thereafter hold the same on trust for the Proposing Transferor. After the name of the Purchaser has been entered in the Register in purported exercise of these powers, the validity of the proceedings shall not be questioned by any person.

- 7.8 The Proposing Transferor may transfer B Ordinary Shares to any person or persons if the Company shall fail within the Acceptance Period to find a Purchaser or Purchasers for all of the B Ordinary Shares, the Proposing Transferor may sell all of the B Ordinary Shares but subject to the following restrictions:
- 7.8.1 B Ordinary Shares may not be sold after the expiry of three months after the date on which notice is given under Article 7.5;
- 7.8.2 The B Ordinary Shares must be sold on a bona fide sale at a price not being less than the Prescribed Price; the Directors may require the Proposing Transferor to produce evidence (namely copies of the relevant agreement pursuant to which such shares are to be transferred and of the relevant transfer form and such other evidence as the Directors may reasonably require) that the B Ordinary Shares are being transferred in pursuance of a bona fide sale for the consideration stated in the instrument of transfer without any deduction, rebate or allowance whatsoever to the purchaser.
- 7.9 Any notice required to be given under this Article by the Company to a Member or by a Member to the Company or otherwise shall be given or served either personally or by sending it by first class post to the registered office of the Company or to the registered address of the Member (as the case may be) or, if he has no registered address within the United Kingdom and has supplied to the Company an address within the United Kingdom for the giving of notice to him, to the address so supplied. When a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice and to have been effected 48 hours after posting.
- 7.10 The restrictions imposed by this Article may be waived in relation to any proposed transfer of B Ordinary Shares with the consent of all members who would otherwise have been entitled to have such B Ordinary Shares offered to them in accordance with Article 7.4.
- 8.1 Notwithstanding the provisions of Articles 6 and 7, no sale or transfer of the legal or beneficial interest in any ordinary shares ("the relevant transaction") may be made or validly registered if as a result of such sale or transfer a Relevant Interest is obtained by a person (or persons acting in concert) ("the proposed purchaser") where such person(s) did not have a Relevant Interest immediately prior to the relevant transaction, unless a written offer complying with the provisions of Article 8.3 has been made by the proposed purchaser (or any person or persons acting in concert with it) to the holders of all the other issued shares in the Company to acquire their entire holdings of shares on identical terms.
- 8.2 For the purpose of this Article and Article 9:-
- 8.2.1 the expression "a Relevant Interest" shall mean an interest in shares conferring the right to cast fifty per cent (50%) of the votes at a general meeting on all, or substantially all, matters;
- 8.2.2 the expressions "transfer" and "purchaser" shall include, respectively, the renunciation of a renounceable letter of allotment and the renounee under any such letter of allotment; and

- 8.2.3 the expression "acting in concert" shall bear the meaning ascribed to it in The City Code on Take-overs and Mergers (as amended from time to time).
- 8.3 The offer referred to in Article 8.1 above shall:-
- 8.3.1 be open for acceptance in England for a period of at least 28 days following the making of the offer;
- 8.3.2 be on terms that the shareholders shall be entitled to receive for their holdings of shares consideration equal to:-
- 8.3.2.1 an amount for each ordinary share equal to the price per ordinary share paid or payable by the proposed purchaser in the relevant transaction or any related or previous transaction by the same purchaser or any person acting in concert with the proposed purchaser which price shall be deemed to include any consideration (in cash or otherwise) paid or payable by such purchaser or person acting in concert which, having regard to the substance of the transaction as a whole, is reasonably regarded by the Directors as an addition to the price so paid or payable;
- 8.3.2.2 be on terms that the purchase of any shares in respect of which such offer is accepted shall be completed at the same time as the relevant transaction.
- 9.1 In the event that one or more members of the Company ("the Vendor(s)") propose to sell the legal or beneficial interest in any ordinary shares in such circumstances that an obligation arises under Article 8.1 to procure that an offer is made to the holders of all the other issued shares in the Company to acquire their entire holdings of shares, and such an offer is procured to be made which meets the requirements of Article 8.3 the Vendor or Vendors (as the case may be) shall have the right ("the Drag Along Right") to require all of the other holders of shares in the Company ("the Called Shareholders") to accept in full the offer procured to be made to them.
- 9.2 The Drag Along Right may be exercised by the Vendor or Vendors serving notice to that effect ("the Drag Along Notice") on the Called Shareholders at the same time as, or within seven days following, the making of the offer.
- 9.3 A Drag Along Notice once given shall be irrevocable but shall lapse (and the obligations thereunder shall lapse) in the event that for any reason the Vendor or Vendors (as the case may be) do not transfer their entire holdings of shares in the Company to the person making the offer ("the Offeror") or the Offeror's nominee not later than the date specified as the date for completion of the sale and purchase of shares pursuant to acceptances of the offer.
- 9.4 Upon the exercise of the Drag Along Right in accordance with this Article 9 each of the Called Shareholders shall be bound to accept the offer made to it in respect of its entire holding of shares in the Company and to comply with the obligations assumed by virtue of such acceptance PROVIDED THAT for the avoidance of doubt this Article shall not require the Called Shareholders to give any warranties,

representations, indemnities or covenants other than covenants as to title to the shares owned by them respectively.

- 9.5 In the event that any Called Shareholder fails to accept the offer made to him or, having accepted such offer, fails to complete the sale of any of its shares pursuant to the offer or otherwise fails to take any action required of it under the terms of the offer the Directors (or any of them) may authorise any person to accept the offer on behalf of the Called Shareholder in question or undertake any action required under the terms of the offer on the part of a Called Shareholder who has accepted the offer. The Directors may in particular authorise any person to execute a transfer of any shares held by a Called Shareholder in favour of the Offeror (or its nominee) and the Company may give a good receipt for the purchase price of such shares and may register the Offeror (or its nominee) as holder thereof and issue to it certificates for the same. The Called Shareholder shall in such case be bound to deliver up its certificate for its shares to the Company whereupon the Called Shareholder shall be entitled to receive the purchase price for such shares which shall in the meantime be held by the Company on trust for the Called Shareholder, but without interest. After the name of the Offeror (or its nominee) has been entered in the Register in purported exercise of these powers, the validity of the proceedings shall not be questioned by any person.

PROCEEDINGS AT GENERAL MEETING

- 10.1 No business shall be transacted at any general meeting (whether or not it shall be adjourned) unless a quorum of members is present at the time the meeting proceeds to business. The quorum shall be two of whom one shall be the holder or a proxy or in the case of a member which is a corporation a representative or proxy for the holder of at least one A Ordinary Share.
- 10.2 A poll may be demanded by any member present in person or by proxy and Regulation 46 shall be deemed to be modified accordingly.
- 10.3 Any such resolution as is referred to in Regulation 53 may consist of several documents in the like form each signed or approved by in writing or by telex, cable or facsimile transmission by one or more of the members (or their duly authorised representatives or attorneys) in that Regulation referred to. In the case of a corporation the resolution may be signed or approved on its behalf by a Director or the Secretary thereof or by its duly appointed attorney or duly authorised representative.
- 11 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors may:-
- 11.1 be deposited at the office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 24 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

- 11.2 be delivered at the meeting or adjourned meeting at which the person named in the instrument proposes to vote to the Chairman or to the Secretary or to any Director; or
- 11.3 in the case of a poll, be delivered at the meeting at which the poll was demanded to the Chairman or to the Secretary or to any Director, or at the time and place at which the poll is held to the Chairman or to the Secretary or to any Director or scrutineer
- and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

PROCEEDINGS OF DIRECTORS

- 12.1 Unless a majority of the Board agrees otherwise, not less than fourteen (14) days notice in writing of meetings of the Directors shall be given to each Director at his address (which in the case of a Director nominated by a corporate shareholder shall be the head office of such shareholder) in the United Kingdom whether such Director is present in the United Kingdom or not. The third sentence of Regulation 88 shall be deleted.
- 12.2 The chairman of a meeting of the Directors or of a committee of the Directors shall be elected by all the Directors (and/or their alternates) present at the meeting. The chairman shall not at any such meeting have a second or casting vote and the penultimate sentence of Regulation 88 shall be deleted.
- 12.3 Notice of a meeting of the Directors shall include an agenda specifying in reasonable detail the matters to be discussed at the meeting. No business which is not within the direct scope of the agenda shall be put to the vote at such meeting unless all the Directors present otherwise agree.
- 12.4 A resolution in writing signed by all the Directors (and/or their respective alternates) shall be as valid and effectual as if it had been passed at a meeting of the Directors or (if applicable) a committee of the Directors duly convened and held provided that the Directors so signing would if such meeting had been held have formed a quorum in accordance with these Articles of Association. Any such resolution may consist of several documents in the like form each signed or approved in writing by telex, cable or facsimile transmission by one or more of the Directors (and/or their alternates) and such signature shall constitute a vote and such Directors shall have been present for the purposes hereof.
- 12.5 Any Director may participate in a meeting of the Directors by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear and participation in the meeting in this manner should be deemed to constitute presence in person at such meetings.
- 12.6 A Director who pursuant to Regulation 85 has declared at a meeting of the Directors the nature and extent of his interest in a contract proposed contract transaction or arrangement with the Company shall be entitled to vote in respect of that contract proposed contract transaction or arrangement or upon any matter arising therefrom and if he shall do so his vote shall be counted and he may be

taken into account in ascertaining whether or not a quorum is present at the meeting of the Directors or of the committee of Directors at which the vote is taken.

WINDING UP

- 13 In Regulation 117 the words "provided that if any such division is proposed to be made otherwise than in accordance with the existing rights of the members every member shall have the same right of dissent and other ancillary rights as if such resolution were a special resolution passed pursuant to section 582 of the Act" shall be deemed to be inserted at the end of the first sentence.

EXECUTION OF DOCUMENTS

- 14 In its application to the Company Regulation 101 of Table A shall be modified by the addition of the following sentence:

"Any instrument expressed to be executed by the Company and signed by two Directors, or by one Director and Secretary, by the authority of the Directors or of a committee authorised by the Directors shall (to the extent permitted by the Act) have effect as if executed by seal".

INDEMNITY

- 15 Subject to section 310 of the Act:-

- 15.1 Every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation to his office, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 144 or 727 of the Act in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or otherwise in relation to his office.

- 15.2 The Company may purchase and maintain insurance for any such Director or other officer against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company".