

Company No: 3807755

THE COMPANIES ACTS 1985 to 1989

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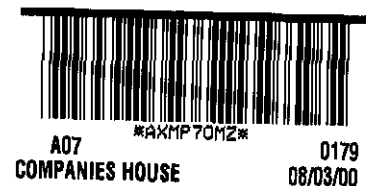
**COMPANY LIMITED BY SHARES**

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**ORDINARY AND SPECIAL RESOLUTIONS**

of

**LONGVILLE GROUP LIMITED**  
**("the Company")**



At an **EXTRAORDINARY GENERAL MEETING** of the Company duly convened and held at 55 Colmore Row, Birmingham B3 2AS on 26 January 2000 the following resolutions were duly passed as **ORDINARY AND SPECIAL RESOLUTIONS**:

**SPECIAL RESOLUTIONS**

- 1 **THAT** Regulation 110 of Table A be disapplied, and that the existing Articles of Association of the Company be amended by the adoption of the following new Article:

**27. CAPITALISATION OF PROFITS**

The directors may with the authority of a special resolution of the Company:

- (a) resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and
- (b) resolve to appropriate the sum resolved to be capitalised pursuant to (a) above to those members who would have been entitled to it if it were distributed by way of dividend and in the same proportions, or as otherwise agreed by those members, in favour of such person or persons as so agreed (whether or not such persons are existing members of the Company), in paying up in full (including, for the avoidance of doubt, any premium thereon) unissued shares in the share capital of the

Company and to allot such shares credited as fully paid to such members, or as they may otherwise agree;

- 2 **THAT** the existing Articles of Association of the Company be amended by the substitution of the following definitions in place of the existing definitions:

**A Loan Notes** the £31,746,667 unsecured 8% fixed rate loan notes 2007 issued by the Company on the date of adoption of these Articles pursuant to the A Loan Note Instrument, together with any additional unsecured 8% fixed rate A loan notes 2007 subsequently issued by the Company from time to time pursuant to any supplemental A loan note instrument;

**the A Loan Note Instrument** the instrument entered into by the Company on the date of adoption of these Articles constituting the A Loan Notes (together with any supplemental instrument entered into by the Company from time to time constituting additional A loan notes);

**D Loan Notes** the £108,334 unsecured loan notes 2007, £66,667 of which are issued by the Company on the date of adoption of these Articles pursuant to the D Loan Note Instrument, together with any additional unsecured D loan notes 2007 subsequently issued by the Company from time to time pursuant to any supplemental D loan note instrument;

**the D Loan Note Instrument** the instrument entered into by the Company on the date of adoption of these Articles constituting the D Loan Notes, (together with any supplemental instrument entered into by the Company from time to time constituting additional D loan notes);

### **ORDINARY RESOLUTIONS**

- 3 **THAT** the authorised share capital of the Company be increased from £73.60543 (comprised of 962,611 A Preferred Ordinary Shares of 0.001 pence each, 90,722 B Preferred Ordinary Shares of 0.001 pence each, 307,210 Ordinary Shares of 0.001 pence each and 60 Deferred Shares of £1) to

£74.41845 by the creation of 17,074 Ordinary Shares of 0.001 pence each and 64,228 A Preferred Ordinary Shares of 0.001 pence each, each having the rights and subject to the terms set out in the Company's Articles of Association;

- 4     **THAT** the directors be and they are hereby (in substitution for any previous authority) generally and unconditionally authorised, in accordance with Section 80 Companies Act 1985 ("the Act") to exercise for a period of five years from (and including) the date of the passing of this resolution (unless previously released) all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £74.41845 and to make offers or agreements of the kind referred to in sub-section (7) of the said Section 80, and for the purposes of this resolution words and expressions defined in or for the purposes of the Act shall bear the same meaning herein;

Dated    26     January 2000

Registered Office:  
2<sup>nd</sup> Floor  
Jordan House  
Hall Court  
Hall Park Way  
Telford  
Shropshire  
TF3 4NN

**THE COMPANIES ACTS 1985 AND 1989**

**ARTICLES OF ASSOCIATION**

**OF**

**INGLEBY (1215) LIMITED**

*Incorporated on 15<sup>th</sup> July 1999*

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**Adopted by special resolution  
passed on 26 January 2000**

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**Wragge & Co**  
Birmingham

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Company No: 3807755

**THE COMPANIES ACTS 1985 AND 1989**

**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

of

**INGLEBY (1215) LIMITED**

**1 Definitions and Interpretation**

1.1 In these Articles the following expressions have the following meanings:

|                                      |                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>A Loan Notes</b>                  | the £31,746,667 unsecured 8% fixed rate loan notes 2007 issued by the Company on the date of adoption of these Articles pursuant to the A Loan Note Instrument, together with any additional unsecured 8% fixed rate A Loan Notes 2007 subsequently issued by the Company from time to time pursuant to any supplemental A loan note instrument; |
| <b>the A Loan Note Instrument</b>    | the instrument entered into by the Company on the date of adoption of these Articles constituting the A Loan Notes (together with any supplemental instrument entered into by the Company from time to time constituting additional A loan notes);                                                                                               |
| <b>the A Finance Bond Instrument</b> | the instrument entered into by the Company on the date of adoption of these Articles, constituting the FB Notes;                                                                                                                                                                                                                                 |
| <b>A Preferred Ordinary Shares</b>   | the A preferred ordinary shares of 0.001 pence each in the capital of the Company having the rights set out in Article 5 and "A Preferred Ordinary Shareholder" shall be construed accordingly;                                                                                                                                                  |

|                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>the Acquisitions</b>            | the acquisitions by the Company of the entire issued share capital of each of DIL and SLD;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>the Act</b>                     | the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force;                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>acting in concert</b>           | the meaning ascribed to it by the City Code on Takeovers and Mergers in force at the date of adoption of these Articles;                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>the Auditors</b>                | the auditors for the time being of the Company;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>B Loan Notes</b>                | the £500,000 variable rate 6% to 7% unsecured loan notes 2007 issued by the Company on the date of adoption of these Articles pursuant to the B Loan Note Instrument;                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>the B Loan Note Instrument</b>  | the instrument entered into by the Company on the date of adoption of these Articles constituting the B Loan Notes;                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>B Preferred Ordinary Shares</b> | the B preferred ordinary shares of 0.001 pence each in the capital of the Company having the rights set out in Article 5 and "B Preferred Ordinary Shareholder" shall be construed accordingly;                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Bad Leaver</b>                  | any person who ceases to be a director or employee of the Company (other than a Good Leaver) and as a consequence is no longer a director or employee of the Company;                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>the Bank</b>                    | each of The Royal Bank of Scotland plc and AIB Capital Markets plc, each bank or financial institution to which rights or obligations under the Facilities Agreement are assigned or transferred pursuant to the Facilities Agreement or which assume rights and obligations pursuant to a substitution certificate under the Facilities Agreement and where the context permits or requires, The Royal Bank of Scotland plc in its capacities as the "Hedging Bank", the "Working Capital Bank" and the "Issuing Bank" (and, in each case, each of their respective successors in title); |

**Board**

the board of directors from time to time of the Company, or the directors present at a duly convened meeting of directors at which a quorum is present;

**Borrowings**

borrowings of all kinds, including but without limitation (save to the extent that they are otherwise taken into account) the following:

- (a) the principal amount (together with any premium payable on redemption) owing by any member of the Group under any loan, debenture, debenture stock, bond or other security howsoever issued, including the Financial Facilities and any sums borrowed or outstanding under the Loan Notes;
- (b) any amounts payable under any hire purchase, credit sale, conditional sale, leasing or similar agreements (other than leases of real or heritable property) which can, in accordance with current accounting practice, be attributed to capital;
- (c) the amount of any payment for goods and services which is deferred (except for deferred payments within the routine course of trading) and including any deferred payment for shares;
- (d) the nominal amount of any issued share capital and the principal amount of any debentures or borrowed money of any body or organisation (whether incorporated or not) the beneficial interest in which is not for the time being owned by a member of the Group, together with any fixed or minimum premium payable on redemption or repayment, the redemption or repayment of which is the subject of a guarantee or indemnity given by a member of the Group;
- (e) the outstanding amount raised by acceptances by any bank or accepting house under any acceptance credit facility opened on behalf of and in favour of any member of the Group;
- (f) the principal amount of any debenture (whether secured or unsecured) of a member

|                                           |                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                           | of the Group owned otherwise than by a member of the Group;                                                                                                                                                                                                                                                              |
|                                           | (g) the principal amount of any preference share capital of any subsidiary which is owned otherwise than by a member of the Group;                                                                                                                                                                                       |
|                                           | (h) any fixed or minimum premium payable on final redemption or repayment of any borrowing or deemed borrowing; and                                                                                                                                                                                                      |
|                                           | (i) the amount payable under any letter of credit issued in respect of an obligation of any member of the Group;                                                                                                                                                                                                         |
| <b>C Loan Notes</b>                       | the £2,000,000 4% fixed rate guaranteed loan notes 2002 issued by the Company on the date of adoption of these Articles pursuant to the C Loan Note Instrument;                                                                                                                                                          |
| <b>the C Loan Note Instrument</b>         | the instrument entered into by the Company on the date of adoption of these Articles constituting the C Loan Notes;                                                                                                                                                                                                      |
| <b>Change in Control</b>                  | the meaning set out in Section 840 of the Income and Corporation Taxes Act 1988;                                                                                                                                                                                                                                         |
| <b>Chairman's Investment</b>              | the subscription by a chairman appointed or to be appointed by the Investors pursuant to clause 7 of the Investment Agreement and Article 21 for 13,333 Ordinary Shares at a subscription price per Ordinary Share to be agreed by the Lead Investor, in consultation with the Board;                                    |
| <b>City Code on Takeovers and Mergers</b> | the City Code on Takeovers and Mergers;                                                                                                                                                                                                                                                                                  |
| <b>the Co-Investment Plan</b>             | NatWest Equity Partners Co-Investment Plan Limited, a company incorporated in Guernsey whose registered office is at 13-15 Victoria Road, St Peter Port, Guernsey                                                                                                                                                        |
| <b>connected person</b>                   | the meaning given to that expression in section 839 Income and Corporation Taxes Act 1988 and for the purposes of these Articles, Garry Keith Broadbent and the GBS Trustees shall be deemed to be connected persons of one another, Jeffrey Spolnik and the JSS Trustees shall be deemed to be connected persons of one |

|                                   |                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                   | another and Philip Scott Wilson and the PWS Trustees shall be deemed to be connected persons of one another;                                                                                                                                                                                                                                    |
| <b>D Loan Notes</b>               | the £ 108,334 unsecured loan notes 2007, £66,667 of which are issued by the Company on the date of adoption of these Articles pursuant to the D Loan Note Instrument, together with any additional unsecured D loan notes 2007 subsequently issued by the Company from time to time pursuant to any supplemental D loan note instrument;        |
| <b>the D Loan Note Instrument</b> | the instrument entered into by the Company on the date of adoption of these Articles constituting the D Loan Notes (together with any supplemental instrument entered into by the Company from time to time constituting additional D loan notes).                                                                                              |
| <b>Deferred Shares</b>            | the deferred shares of £1 each in the capital of the Company having the rights set out in Article 7 and "Deferred Shareholder" shall be construed accordingly;                                                                                                                                                                                  |
| <b>DIL</b>                        | Dulverton International Limited (Company No. 152677) whose registered office is at Arias Fabrega & Fabrega Trust Co BVI Limited, Wickhams Cay, Road Town, Tortola, British Virgin Islands;                                                                                                                                                      |
| <b>Disposal</b>                   | the sale or other disposal (whether by one transaction or a series of related transactions) (other than pursuant to an intra-group reorganisation) of the whole or substantially the whole of the assets or undertaking of the Company or any Group Company to which such assets have previously been transferred, which is not by way of Sale; |
| <b>Employee Trust</b>             | a trust approved by an Investor Director and whose beneficiaries are bona fide employees of the Company or any member or the Group;                                                                                                                                                                                                             |
| <b>Exit</b>                       | (a) the acquisition of Shares by a person or persons other than any of the members at the date of adoption of these Articles which results in a Change in Control of the Company; or                                                                                                                                                            |

- (b) Disposal; or
- (c) a Sale; or
- (d) a Listing; or
- (e) the making of an order or passing of a resolution for the winding up of the Company for any purpose whatsoever;

|                                       |                                                                                                                                                                                                                                                            |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Facility Agent</b>                 | means The Royal Bank of Scotland plc acting as facility agent for the Banks including any successor facility agent appointed pursuant to the Facilities Agreement;                                                                                         |
| <b>the Facilities Agreement</b>       | the agreement to be entered into between inter alia the Bank (1) and the Company (2) relating to the Financial Facilities;                                                                                                                                 |
| <b>The F B Notes</b>                  | the 8% fixed rate unsecured A Finance Bonds 2007;                                                                                                                                                                                                          |
| <b>the Financial Facilities</b>       | the term loan and loan note guarantee facility, acquisition facility and working capital facility to be provided to the Company for the benefit of the Group by the Bank (including the agreements relating thereto) as amended from time to time;         |
| <b>the Garry Broadbent Settlement</b> | means a Settlement dated 21 July 1995 and made between (1) Pannell Kerr Forster Trustee Company Limited and (2) Garry Keith Broadbent;                                                                                                                     |
| <b>the GBS Trustees</b>               | means the Trustees of the Garry Broadbent Settlement from time to time, being at the date of adoption of these Articles Garry Keith Broadbent and Melanie Ruth Broadbent ;                                                                                 |
| <b>Group</b>                          | the Company and any subsidiary or holding company of the Company (which shall include DIL and SLD and any subsidiaries of DIL or SLD) and any subsidiary of any such holding company from time to time and "Group Company" shall be construed accordingly; |
| <b>Group Borrowings</b>               | means the aggregate amount for the time being outstanding of all Borrowings incurred                                                                                                                                                                       |

|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                               | by the Group (excluding amounts borrowed from one member of the Group by another member of the Group);                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Index of Retail Prices</b> | the index of retail prices as published by The Stationery Office or if the same shall cease to be published the nearest equivalent record or index of increases in retail prices then published;                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Index Linked</b>           | in relation to any amount (whether or not previously adjusted) such amount as increased annually on 1 September in each year, commencing on 1 September 2000 by a percentage equal to the percentage increase in the Index of Retail Prices;                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Insolvency Event</b>       | <p>in relation to a member which is a body corporate:</p> <ul style="list-style-type: none"> <li>(a) such member having a receiver, manager or administrative receiver appointed over all or any part of its undertaking or assets;</li> <li>(b) such member having an administrator appointed in relation to it;</li> <li>(c) such member entering into liquidation (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction); or</li> <li>(d) an order being made or a resolution being passed for the winding up of such member or any subsidiary or holding company of such member;</li> </ul> |
| <b>Intercreditor Deed</b>     | the deed entered into between the Company (1) the Bank (2) the Investors (3) and Eric Hook and others (4) on the date of adoption of these Articles regulating inter alia the payments to be made by the Company under the Loan Note Instruments;                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Investment Agreement</b>   | the agreement entered into on the date of adoption of these Articles between (1) the Company, (2) the Managers (as defined therein), (3) the Subscribers (as defined therein) (4) the Partnerships and (5) the Co-Investment Plan as amended from time to                                                                                                                                                                                                                                                                                                                                                                                                     |

|                                       |                                                                                                                                                                                                                                                                                                    |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                       | time together with any agreements supplemental to it;                                                                                                                                                                                                                                              |
| <b>Investor A Loan Notes</b>          | the A Loan Notes issued to the Investors;                                                                                                                                                                                                                                                          |
| <b>Investors</b>                      | the Partnerships and the Co-Investment Plan and any nominee thereof, together with any transferee of the A Preferred Ordinary Shares or the Investor A Loan Notes or FB Notes pursuant to the terms of these Articles and the Investment Agreement, and "Investor" shall be construed accordingly; |
| <b>Investor Director</b>              | a person nominated by the Investors to be a non-executive director of the Company or any Group Company pursuant to clause 7 of the Investment Agreement and these Articles, or his alternate;                                                                                                      |
| <b>the JSS Trustees</b>               | means the Trustees of the Jeffrey Spolnik Settlement from time to time, being at the date of adoption of these Articles Jeffrey Spolnik and Janice Margaret Spolnik ;                                                                                                                              |
| <b>the Jeffrey Spolnik Settlement</b> | means a Settlement dated 21 July 1995 and made between (1) Pannell Kerr Forster Trustee and (2) Jeffrey Spolnik;                                                                                                                                                                                   |
| <b>the Lead Investor</b>              | NatWest Equity Partners Limited (Company No. 3220373) acting as manager of the Partnerships and as agent of the Co-Investment Plan;                                                                                                                                                                |
| <b>Listing</b>                        | the admission of any of the Company's shares to the Official List of the London Stock Exchange or the admission to trading of the Company's shares on any Recognised Investment Exchange;                                                                                                          |
| <b>the Loan Notes</b>                 | the A Loan Notes, B Loan Notes, C Loan Notes, D Loan Notes and FB Notes;                                                                                                                                                                                                                           |
| <b>the Loan Note Instruments</b>      | the A Loan Note Instrument, B Loan Note Instrument, C Loan Note Instrument, D Loan Note Instrument and A Finance Bond Instrument;                                                                                                                                                                  |
| <b>London Stock Exchange</b>          | the London Stock Exchange Limited;                                                                                                                                                                                                                                                                 |
| <b>Net Profits</b>                    | means the net consolidated profit of the Group on ordinary activities calculated on                                                                                                                                                                                                                |

the historical cost accounting basis and shown in the audited consolidated profit and loss account of the Company for the relevant financial year calculated in accordance with the accounting practices, policies and bases of the Company, consistently applied, which are generally accepted in the United Kingdom and which are in accordance with all applicable Statements of Standard Accounting Practice and Financial Reporting Standards:

- (a) before provision for, or deducting the amount of, any dividends payable on any share or any other distribution;
- (b) before provision for the transfer of any sum to reserve or writing off goodwill or fees accounted for in accordance with Financial Reporting Standard 4;
- (c) after exceptional items and before extraordinary items;
- (d) before deducting corporation tax (and any other tax levied upon or measured by reference to profits or gains) on such profits (including deferred tax);
- (f) after provision for interest paid or payable in cash on the Loan Notes in respect of that financial year (save to the extent that such interest is otherwise taken into account);
- (g) before charging any other interest payable in respect of such financial year; and
- (h) before deducting any amounts attributable to minority interests in subsidiaries or subsidiary undertakings;

**New Managers**

such person or persons as approved by an Investor Director, who has or have been promoted or recruited as a director or employee of the Company or any Group Company;

**New Managers' Subscription**

the subscription by the New Managers for up to 83,333 Ordinary Shares at a subscription price of £1 and at par for in aggregate 41,667 D Loan Notes;

**the Partnerships**

The European Private Equity Fund, The European Private Equity Fund 'B', The European Private Equity Fund 'C', The European Private Equity Fund 'D', NatWest Equity Partners No. 5 Fund and The NatWest Equity Partners Partnership each of which is an English limited partnership having its principal place of business at 8 Fenchurch Place, London, EC4M 4TE;

**Ordinary Shares**

the ordinary shares of 0.001 pence each in the capital of the Company having the rights set out in Article 6 and "Ordinary Shareholder" shall be construed accordingly;

**Permitted Investment**

a possible further subscription or subscriptions by the Investors not exceeding in aggregate £8,000,000 such subscription to be made subject to the terms of these Articles in such form and for such securities or instruments as the Investors shall require, *and if made for new A Preferred Ordinary Shares to be made also for new A Loan Notes*, such subscription to be pro rata and in the same ratio between the new A Preferred Ordinary Shares and the new A Loan Notes subscribed as the A Preferred Ordinary Shares and the A Investor Loan Notes are held by the Investors at the date of adoption of these Articles;

**Preferred Ordinary Shares**

together the A Preferred Ordinary Shares and the B Preferred Ordinary Shares and "Preferred Ordinary Shareholder" shall be construed accordingly;

**the Philip Wilson Settlement**

means a Settlement dated 21 July 1995 and made between (1) Pannell Kerr Forster Trustee Company Limited and (2) Philip Scott Wilson;

**the PWS Trustees**

means the Trustees of the Philip Wilson Settlement from time to time, being at the date of adoption of these Articles Philip Wilson and Jane Hamilton Wilson ;

**Recognised Investment Exchange**

means a recognised investment exchange as defined by section 207 Financial Services Act 1986;

**Sale**

- (a) other than as a result of an intra-group reorganisation, the completion of an agreement for the purchase of all of the issued share capital of the Company or any Group Company to which all or substantially all of the business of the Company has been transferred; or
- (b) the completion of the acquisition or where more than one, the last such acquisition, of equity share capital of the Company (or any Group Company to which all or substantially all of the business of the Company has been transferred) made pursuant to an offer as a result of which the offeror becomes entitled or bound to acquire the balance of the equity share capital of the Company or any Group Company to which all or substantially all of the business of the Company has been transferred;

and for the purpose of this definition, reference to the date of sale shall be construed as a reference to the date upon which the acquisition (or the last acquisition) is completed and reference to the offeror shall include any person with whom such offeror is acting in concert;

**Shareholders**

the holders of the Shares;

**Shares**

the Ordinary Shares, the Preferred Ordinary Shares and the Deferred Shares;

**SLD**

SLD Pumps Limited (No SC28224) whose registered office is at Ailsa Road, Irvine Industrial Estate, Irvine, Ayrshire KA12 8LL;

**Third Party**

an individual, partnership or company which does not at the proposed date of transfer own any Shares;

**1.2 In these Articles, a reference to:**

- (a) a "subsidiary" or "holding company" is to be construed in accordance with section 736 of the Act, a reference to a "subsidiary undertaking" or a "group undertaking" is to be construed in accordance with sections 258 and 259 of the Act and "equity share capital" has the meaning set out in section 744 of the Act;

- (b) a statutory provision includes a reference to:
    - (i) the statutory provision as modified or re-enacted or both from time to time whether before or after the date of these Articles; and
    - (ii) any subordinate legislation made under the statutory provision whether before or after the date of these Articles;
  - (c) a person includes a reference to a body corporate, association or partnership;
  - (d) a person includes a reference to that person's legal personal representatives and successors in the title and their assigns from time to time (as such assignment is permitted under the terms of the Investment Agreement);
  - (e) a clause, unless the context otherwise requires, is a reference to a clause in these Articles;
  - (f) an "associated company" is to be construed in accordance with the definition contained in Chapter 11 of the Listing Rules of the London Stock Exchange;
  - (g) singular includes plural, male includes female and vice versa; and
  - (h) references to days are to calendar days not working days.
- 1.3 Unless specifically defined, words and expressions defined in the Investment Agreement have the same meanings in these Articles.
- 1.4 The renunciation of a right to be allotted shares shall be treated as if it were a transfer of those shares and therefore shall be governed by Articles 10 to 15 (inclusive).
- 1.5 Any decision, discretion, consent, requirement or approval which under these Articles falls to be exercised or given by the Investor Director may, in the absence of an Investor Director, be given by the Lead Investor.
- 1.6 The Investors may authorise any person nominated by them for the time being including an Investor Director, or the Lead Investor or any other management company acting on behalf of the Investors for the time being to exercise, grant or refuse (as appropriate) all or any of the rights, powers, discretions, or directions vested in them pursuant to these Articles, and to give such written or verbal consents and approvals vested in them pursuant to these Articles on behalf of the Investors and such authorisation may be specific or general in nature and may be revoked at any time (provided that notice of such authorisation or revocation is communicated in writing to the Company). Such person or persons may enforce such rights directly as if it were a party to these Articles .
- 1.7 Each of the Investors appoints the Lead Investor to act as its agent under these Articles and authorises the Lead Investor on its behalf to perform those duties and to exercise those rights and powers that are specifically delegated to them under the terms of these Articles including the giving of consents together with such rights, powers and discretions as are reasonably incidental thereto and the Company may satisfy any requirement to seek the consent of the Investors under these Articles by making application for such consent of the Lead Investor, and the Company shall be

entitled to assume that any written consent or approval given by the Lead Investor, purporting to act on behalf of the Investors, is duly given by the Lead Investor on behalf of the Investors.

1.8 References to shares are, unless the context otherwise requires, to shares of all and whatever denomination or classification in the Company.

1.9 The headings in these Articles shall not affect their construction.

## **2 Table A**

2.1 The regulations contained in Table A in the Schedule to the Companies (Tables A-F) Regulations 1985, as amended ("**Table A**"), apply to the Company except to the extent that they are excluded by or inconsistent with these Articles.

2.2 The first sentence of regulation 24 and regulations 64, 73 to 78, 80, 81, 90, 94, 95, 115 and 118 of Table A do not apply.

## **3 Private Company**

3.1 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.

## **4 Share Capital**

4.1 The authorised share capital of the Company at the date of adoption of these Articles is 7,441.845 pence divided into:

(a) 1,026,839 A Preferred Ordinary Shares;

(b) 90,722 B Preferred Ordinary Shares;

(c) 324,284 Ordinary Shares; and

(d) 60 Deferred Shares.

4.2 The directors are hereby (in substitution for any previous authority) generally and unconditionally authorised, in accordance with Section 80 Companies Act 1985 ("the Act") to exercise for a period of five years from (and including) the date of the passing of this resolution (unless previously released) all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of 7,441.845 pence and to make offers or agreements of the kind referred to in sub-section (7) of the said Section 80, and for the purposes of this resolution words and expressions defined in or for the purposes of the Act shall bear the same meaning herein.

## **5 Preferred Ordinary Shares**

The rights attached to the Preferred Ordinary Shares are as follows:

### **5.1 Dividends**

- (a) The holders of the Preferred Ordinary Shares shall be entitled to receive out of the profits of the Company available for distribution and the Company shall pay, in priority to the holders of any other class of share in respect of every financial year of the Company commencing with the financial year ended 31 December 2004 a cumulative dividend in cash ("**the Participating Dividend**") of an aggregate sum which (exclusive of any associated tax credit) is equal to 15 per cent of the Net Profits for the relevant financial year and thereafter, the Preferred Ordinary Shares shall (subject to Article 7.1) rank pari passu with the Ordinary Shares as to dividends.
- (b) Subject to the Act, the Participating Dividend (if any) shall be paid not later than 3 months after the end of the relevant financial year of the Company or 14 days after the date on which the audited consolidated accounts of the Company for the relevant financial year are signed by the directors and the Auditors, whichever is earlier.
- (c) For so long as there are Preferred Ordinary Shares in issue, the Company shall procure the Auditors at the Company's expense to prepare a statement of the Net Profits for each financial year of the Company commencing with the financial year ended 31 December 2004 at the same time as the audited accounts of the Company for that financial year are being audited and the Company shall cause a copy of such statement to be delivered to every member with the audited accounts for the relevant financial year.
- (d) Unless the Company has insufficient profits available for distribution and is thereby prohibited from paying dividends by the Act, the Participating Dividend shall (notwithstanding regulations 102 to 108 inclusive or any other provision of these Articles and in particular notwithstanding that there has not been a recommendation of the Board or resolution of the Company in general meeting) be paid immediately on the due date and if not then paid shall become a debt due by the Company and be payable in priority to any other dividend.
- (e) If the Company fails to pay a Participating Dividend on its due date, interest thereon shall accrue from the due date until payment at the rate of 4% per annum above the base rate of National Westminster Bank plc for the time being, compounded on 31st March, 30th June, 30th September and 31st December in each year.
- (f) The Company shall take all lawful steps available to it to procure that each Group Company shall from time to time declare and pay to the Company such lawful dividends as are necessary to permit lawful and prompt payment by the Company of the Participating Dividend, in each case in accordance with these Articles, such steps to include (without limitation but only to the extent required by law), the preparation of such interim or initial accounts of the Company and each Group Company by reference to which profits available for distribution might fall to be calculated, procuring that the Auditors report on any such initial accounts and filing any such initial or interim accounts with the Registrar of Companies.

- (g) Where the Company has insufficient profits available for distribution and by reason of the Act is unable to pay in full on any date on which any Participating Dividend becomes payable (such date being referred to in this paragraph as a "dividend date") any Participating Dividend which would otherwise be required to be paid on that dividend date:
  - (i) on that dividend date the Company shall pay to the holders of the Preferred Ordinary Shares on account of the Participating Dividend the maximum sum (if any) which can then, consistently with the Act, properly be paid by the Company; and
  - (ii) on every succeeding dividend date the Company shall in respect of the Preferred Ordinary Shares pay on account of the balance of the Participating Dividend for the time being remaining outstanding, and until the outstanding Participating Dividends are paid in full, the maximum sum (if any) which on each such succeeding dividend date can, consistently with the Act, properly be paid by the Company to be applied against the dividend debt longest standing.
- (h) If the Board or the Investors do not agree with the statement of Net Profits prepared by the Auditors pursuant to Article 5.1(c) above and to the extent that any such matter in dispute has not been resolved within 21 days after notification of such fact by the Board to the Investors or the Investors to the Board, then such matter or matters in dispute (but no other matters) shall be referred to such firm of independent chartered accountants as the Board and the Investors shall agree or, failing such agreement as the president for the time being of the Institute of Chartered Accountants in England and Wales may nominate on the application of the Board or the Investors ("the Independent Accountants") for determination on the following basis:
  - (i) the Independent Accountants shall be instructed to notify the Board and the Investors of their determination of any such matter within 21 days of such referral;
  - (ii) the Auditors, the Board and the Investors shall be entitled to make written submissions to the Independent Accountants, but subject thereto the Independent Accountants shall have power to determine the procedure to be followed in relation to their determination;
  - (iii) in making their determination the Independent Accountants shall act as experts and not as arbitrators, their decision as to any matters referred to them for determination shall be final and binding in all respects on the parties and shall not be subject to question on any ground whatsoever; and
  - (iv) the fees and expenses of the Independent Accountants shall be borne and paid by the Company.
- (i) Each of the Preferred Ordinary Shareholders shall be entitled to participate in the Participating Dividend (and any interest thereon) in proportion to the

numbers of Preferred Ordinary Shares held by such Preferred Ordinary Shareholder.

- (j) The first and succeeding sentences of regulation 103 shall not apply to the Company.

## 5.2 Capital

On a return of capital on liquidation, capital reduction or otherwise the surplus assets of the Company remaining after the payment of its liabilities shall be applied in priority to any other class of share:

- (a) in paying to each holder of Preferred Ordinary Shares an amount in respect of each Preferred Ordinary Share held which is equal to the amount paid up thereon (including any premium) together with all arrears and accruals of the Participating Dividend and interest thereon calculated down to and including the date the return of capital is made and in proportion to the number of Preferred Ordinary Shares held by that Preferred Ordinary Shareholder (such arrears and accruals being payable irrespective of whether or not the payment of them would be unlawful by reason of there not being sufficient profits available for distribution); and
- (b) thereafter, subject to the payment of all amounts payable to the holders of the Ordinary Shares pursuant to Article 6.2(a) and to the holders of Deferred Shares pursuant to Article 7.2, in distributing the balance of such assets amongst the holders of the Preferred Ordinary Shares and the Ordinary Shares (pari passu as if they constituted one class of share) in proportion to the amounts paid up or credited as paid up on the Preferred Ordinary Shares and the Ordinary Shares held by them respectively.

## 5.3 Voting

- (a) The holders of the A Preferred Ordinary Shares shall be entitled to receive notice of and to attend and speak at any general meetings of the Company and each holder of A Preferred Ordinary Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall, on a show of hands, have one vote, and, on a poll, have one vote for each A Preferred Ordinary Share of which he is the holder.
- (b) The holders of the B Preferred Ordinary Shares shall be entitled to receive notice of and to attend and speak at any general meetings of the Company but shall not (subject, for the avoidance of doubt, to Articles 9.1 and 9.3) be entitled in any circumstances whatsoever to vote on any resolution either in person or by proxy by virtue or in respect of the B Preferred Ordinary Shares of which they are holders.
- (c) On an Exit and for the purposes of assessing the fair market value of such shares at that point in time only, each holder of B Preferred Ordinary Shares shall be deemed immediately prior to an Exit to be entitled to receive notice of and to attend and speak at any general meetings of the Company and each

holder of B Preferred Ordinary Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall be deemed immediately prior to an Exit, to have on a show of hands one vote and on a poll one vote for each B Preferred Ordinary Share held.

#### 5.4 Enhanced Voting Rights

In the event that any payment of interest or capital due under the terms of the A Loan Note Instrument is six months or more in arrears (except where payment is expressly prohibited under the terms of the Intercreditor Deed) then the Investors may serve notice of the same upon the Company whereupon the voting rights attached to the A Preferred Ordinary Shares shall be enhanced as follows:

- (a) if the holders of the A Preferred Ordinary Shares vote at any meeting of the Company against any resolution put to that meeting, that resolution shall be deemed not to have been carried notwithstanding that the number of votes cast in its favour exceeds those cast against it and notwithstanding any of the provisions of the Articles or any regulation of Table A to the contrary; and
- (b) any ordinary or special resolution in favour of which the holders of the A Preferred Ordinary Shares have voted at any such meeting shall be deemed to have been carried as such a resolution notwithstanding that the number of votes cast against such resolution exceeds those cast against it and notwithstanding any of the provisions of the Articles or any regulation of Table A to the contrary

and such enhanced rights shall continue until such failure or breach is remedied to the satisfaction of the Lead Investor, or unless otherwise determined by notice given by the Investors (whichever is the earlier).

#### 5.5 Ratchet

- (a) For the purposes of this Article 5.5 the following definitions shall apply:

|                      |                                                                                                                                                                                                                  |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Exit Proceeds</b> | the Market Capitalisation, less in each case the amount of all arrears and accruals of the Participating Dividend and any interest on the A Loan Notes and FB Notes not paid at the time of the Sale or Listing; |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                 |                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Institutional Investment</b> | the A Preferred Ordinary Shares, the B Preferred Ordinary Shares and the A Loan Notes subscribed for at any time on or after the date of adoption of these Articles (including any shares subscribed for which were subsequently converted or redesignated into B Preferred Ordinary Shares) in each case at the Issue Price (including any shares into which any such A Preferred Ordinary Shares |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

or B Preferred Ordinary Shares may have been converted, sub-divided or consolidated);

**Issue Price**

in relation to the A Preferred Ordinary Shares and the B Preferred Ordinary Shares, the amount paid up or credited as paid up in respect of such shares together with any premium paid in respect of such shares and in relation to the A Loan Notes, the principal amount originally loaned in respect of such loan notes;

**Market Capitalisation**

- (a) on a Listing, the valuation placed upon the whole of the issued equity share capital of the Company as shown in a prospectus or listing particulars published in connection with such Listing, less the gross amount of any new money raised by the Company from the subscription for new equity shares issued by the Company at the time and in connection with such Listing; and
- (b) on a Sale, the aggregate price agreed to be paid for the equity share capital of the Company plus the cash value of any other sum (in cash or otherwise) received by the shareholders which can reasonably be regarded as an addition to the price (whether or not paid at the time of the Sale);

**Ratchet Date**

the date upon which a Sale or a Listing shall occur;

**Ratchet Shares**

Ordinary Shares which upon issue would constitute two percent of the entire issued equity share capital of the Company following their issue to be allotted (subject to Article 5.5(b)) in accordance with article 5.5(c);

- (b) This Article 5.5 shall not apply, and the ratchet contained herein shall not operate unless the holders of the Preferred Ordinary Shares and the A Loan Notes first receive a proportion of the Exit Proceeds in cash or the equivalent of any non-cash consideration which when added to the amount of the A Loan Notes redeemed on or prior to the Sale or Listing is equal to two and a quarter times the amount of the Institutional Investment.
- (c) Subject to Article 5.5 (b), upon a Ratchet Date the Board shall be entitled to allot the Ratchet Shares on such terms as to price as the holders of a majority of the Ordinary Shares shall determine to such employees of the Company (not being members of the Board) as the holders of a majority of the Ordinary Shares deem fit.

## 6 Ordinary Shares

The rights attached to the Ordinary Shares are as follows:

### 6.1 Dividends

Subject to the payment of the Participating Dividend (including all arrears and accruals thereof and interest thereon) and to the terms of Article 7.1, any profits which the Company determines to distribute in any financial year shall, subject to the prior approval of the Lead Investor be applied in distributing such profits amongst the holders of the Preferred Ordinary Shares and the Ordinary Shares then in issue pari passu according to the number of such shares held by them respectively as if they constituted one class of share.

### 6.2 Capital

On a return of capital on liquidation, capital reduction or otherwise, the surplus assets of the Company remaining after the payment of its liabilities shall be applied, subject to the payment of all amounts payable to the holders of the Preferred Ordinary Shares pursuant to Article 5.2(a):

- (a) in paying to each holder of Ordinary Shares an amount in respect of each Ordinary Share held equal to the amount paid up thereon (including any premium) together with any arrears and accruals of dividend pursuant to Article 6.1; and
- (b) thereafter, subject to the payment of all amounts payable to the holders of the Preferred Ordinary Shares pursuant to Article 5.2(a) and the amounts payable to the holders of the Deferred Shares pursuant to Article 7.2, in distributing the balance of such assets amongst the holders of the Ordinary Shares and the Preferred Ordinary Shares (pari passu as if they constituted one class of Share) in proportion to the amounts paid up or credited as paid up on the Ordinary Shares and the Preferred Ordinary Shares held by them respectively.

### 6.3 Voting

- (a) The holders of the Ordinary Shares shall be entitled to receive notice of and to attend and speak at any general meetings of the Company and, subject to Article 6.3(b), each holder of Ordinary Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall, on a show of hands, have one vote, and, on a poll, have one vote for each Ordinary Share of which he is the holder.
- (b) The holders of the Ordinary Shares shall not be entitled to vote, whether present in person, by proxy or by a duly authorised representative, on a show of hands or on a poll on any resolution relating to the appointment or removal of an Investor Director and the GBS Trustees (and any Permitted Transferee thereof) shall not be entitled to vote whether present in person, by proxy or by a duly authorised representative, on a show of hands or on a poll on any

resolution relating to any claims brought by the Company in connection with the Acquisition relating to DIL.

## **7 Deferred Shares**

The rights attaching to the Deferred Shares are as follows:

### **7.1 Dividends**

No dividends shall be paid or be payable on the Deferred Shares unless the Participating Dividend is paid to date and until the holders of the Ordinary Shares and Preferred Ordinary Shares shall have received a cumulative amount of dividends in addition to the Participating Dividend of £10,000,000 for each Ordinary Share held by them and £10,000,000 for each Preferred Ordinary share held by them. Thereafter the holders of the Deferred Shares shall be entitled to rank *pari passu* with the holders of the Preferred Ordinary Shares and the Ordinary Shares by reference to the number of (not the nominal amount or amount paid upon) all such shares in issue.

### **7.2 Capital**

On a return of capital on liquidation, capital reduction or otherwise, in paying to each holder of Deferred Shares an amount in respect of each Deferred Share held equal to the amount paid up thereon.

### **7.3 Voting**

The holders of the Deferred Shares shall not be entitled to receive notice of nor to attend nor speak at any general meeting of the company nor be entitled in any circumstances whatsoever to vote on any resolution either in person or by proxy by virtue or in respect of the Deferred Shares of which they are holders.

## **8 Issue of new shares**

8.1 The provisions of sections 89(1) and 90(1) to (6) of the Act shall apply to the Company, subject always to the provisions of section 95 of the Act, with the following modification that, the provisions of sections 89(1) and 90(1) to (6) of the Act shall not apply to :

- (a) the issue of Ordinary Shares pursuant to the Chairman's Investment;
- (b) the New Managers' Subscription; or
- (c) the subscription by Jean Michel Cokelaer for 803 B Preferred Ordinary Shares ("**JMC's Subscription**");

and provided further that the provisions of sections 89(1) and 90(1) to (6) of the Act shall in respect of the Permitted Investment not apply to the Ordinary Shares, such that the Ordinary Shares shall for the purposes of the Permitted Investment be deemed to be excluded from the definition of "relevant shares" in Sections 91(1) and 94 provided always that the Permitted Investment shall be structured so that the relevant proportion of the entire issued equity share capital of the Company attributable to the Ordinary Shares held by the trustees of the GB Settlement and Eric Hook at the date

of adoption of these Articles and the proportion of the entire issued equity share capital of the Company attributable to the Ordinary Shares subscribed pursuant to the New Managers' Subscription shall not be diluted by the Permitted Investment.

## **9 Variation of Class Rights**

9.1 Whenever the capital of the Company is divided into different classes of shares and, for the avoidance of doubt for the purposes of this Article 9.1, the B Preferred Ordinary Shares shall constitute a separate class of shares from the A Preferred Ordinary Shares, the special rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of 75% of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by the holders of 75% in nominal value of shares of that class who attended and voted at such meeting, but not otherwise. To every such separate meeting, all the provisions of these Articles relating to general meetings of that Company, or to the proceedings at them, shall, *mutatis mutandis*, apply except that:

- (a) the necessary quorum shall for a meeting of the A Preferred Ordinary Shareholders shall be one person and for a meeting of the B Preferred Ordinary Shareholders shall be four persons and for a meeting of the Ordinary Shareholders shall be two persons, each being a member, a proxy for a member or a duly authorised representative of a member being a corporation, together holding or representing at least one third in nominal amount of the issued shares of that class;
- (b) *if at any adjourned meeting, a quorum as defined above is not present the member or members who is or are present shall be a quorum; and*
- (c) the holders of shares of the class in question shall, on a poll, have one vote in respect of every share of that class held by them.

9.2 Without prejudice to the generality of Article 9.1, the special rights attached to the A Preferred Ordinary Shares shall be deemed to be varied at any time by any of the following:

- (a) the capitalisation of any sum in or towards paying up any share or loan capital of the Company other than on a pro rata basis between the holders of the Preferred Ordinary Shares and the Ordinary Shares as if all such shares constituted one class of shares;
- (b) redemption of any of the Company's shares or entering into by the Company of a contract to purchase any of its shares other than pursuant to these Articles or otherwise than on a pro rata basis between the holders of the Preferred Ordinary Shares and the Ordinary Shares as if all such shares constituted one class of shares;
- (c) (save in respect of the Permitted Investment, the Chairman's Investment, the Manager's Subscription and JMC's Subscription) the alteration, increase,

reduction, sub-division or consolidation of the issued share capital of the Company or any Group Company or the grant of any option or right to subscribe for shares in the Company or any Group Company or the issue of securities which are convertible into shares of the Company or any Group Company, other than a conversion or redemption of shares pursuant to these Articles; or

- (d) the entering into by the Company of a contract to purchase any of its own shares;
- (e) the creation by the Company or any member of the Group of any mortgage, charge, pledge, lien, encumbrance or other security interest other than such existing interests pursuant to the Financial Facilities (excluding any interest arising by operation of law in the ordinary course of business);
- (f) the directors permitting the Group Borrowings to exceed the limit imposed by these Articles;
- (g) the making of any material change (including cessation) in the nature of the business of the Group taken as a whole;
- (h) the alteration of the memorandum of association of the Company or these Articles or the passing of any special or extraordinary resolution of the members (or any class of them);
- (i) the declaration or payment of any dividend or the making of any other distribution in respect of the profits, assets or reserves of the Company or any of its subsidiaries other than the Participating Dividend and any other dividends declared and paid strictly in accordance with these Articles;
- (j) the institution of any proceedings for or the convening of any meeting for the passing of any resolution for the winding up of the Company or any other member of the Group;
- (k) the removal of any Investor Director otherwise than in accordance with Article 21; or
- (l) the Company or any other member of the Group incurring an obligation to do any of the foregoing.

9.3 Without prejudice to the generality of Article 9.1, the special rights attached to the Ordinary Shares and the B Preferred Ordinary Shares shall be deemed to be varied at any time by any of the following:

- (a) the capitalisation of any sum in or towards paying up any share or loan capital of the Company other than on a pro rata basis between the holders of the Preferred Ordinary Shares and the Ordinary Shares as if all such shares constituted one class of shares;
- (b) the redemption of any of the Company's shares or entering into by the Company of a contract to purchase any of its shares other than pursuant to these Articles or otherwise than on a pro rata basis between the holders of the

Preferred Ordinary Shares and the Ordinary Shares as if such shares constituted one class of shares;

- (c) (save in respect of the Permitted Investment, the Chairman's Investment and the Managers' Subscription and JMC's Subscription) the creation or issue of any new class of shares in the capital of the Company (or of any loan capital of the Company which is or may be convertible into any such new class of shares) conferring rights on the holders thereof to dividends or capital which rank or shall be capable of ranking equal or in priority to the holders of the Ordinary Shares and the B Preferred Ordinary Shares;
- (d) the entering into by the Company of a contract to purchase any of its own shares other than on a pro-rata basis between the holders of the Preferred Ordinary Shares and the Ordinary Shares as if such shares constituted one class of shares;
- (e) the alteration of any provision of the memorandum of association of the Company or the passing of any special or extraordinary resolution of the members (or any class thereof) which alteration or resolution adversely affects the rights attaching to or pertaining to the Ordinary Shares and the B Preferred Ordinary Shares;
- (f) the alteration of any of Articles 5, 6, 8, 9.3, 10.1, 11, 12, 13, 14, 15, 16.1, 21.1(a), 21.4, 23.1 or 23.3;
- (g) the declaration or payment of any dividend or the making of any other distribution in respect of the profits, assets or reserves of the Company or any of its subsidiaries other than the Participating Dividend, any other dividends declared and paid strictly in accordance with these Articles and any other dividends declared and paid on a pro-rata basis between the holders of the Preferred Ordinary Shares and the Ordinary Shares as if such shares constituted one class of shares; or
- (h) the Company or any other member of the Group incurring an obligation to do any of the foregoing.

save that the provisions of this Article 9.3 shall cease to apply in the event that and for so long as:

- (i) there is a Financial Event of Default or a Financial Potential Default (in each case as defined in the Facilities Agreement) under the Facilities Agreement or breach of the covenants contained in clause 10.2.1 and schedule 7 of the Facilities Agreement which shall not have been waived by the Bank or remedied to the satisfaction of the Bank in accordance with the terms of the Facilities Agreement or the Intercreditor Deed, or in respect of which the Facilities Agent has taken action under clause 11.2 of the Facilities Agreement to accelerate the repayment of indebtedness thereunder; or

- (ii) any payment of interest or capital due under the terms of the A Loan Note Instrument or the A Finance Bond Instrument is six months or more in arrears; or
- (iii) the Company or the Managers are in breach of the covenants contained in clauses 6.11 or 6.12 of the Investment Agreement

and in each case the Lead Investor considers in its reasonable opinion that the Company requires material additional funding and wishes to re-finance the Company by investing or seeking the investment of new monies for shares in the Company, or in the event that the action specified in paragraphs (a) to (g) in this clause 9.3 is required to be taken under the terms of the Financial Facilities.

## **10 Provisions applying on every transfer of Shares**

- 10.1 The Board shall not register a transfer of Shares (or any interest in such shares) nor are shareholders entitled to transfer Shares unless:
- (a) such transfer is permitted by Article 11 (Permitted Transfers) or has been made in accordance with Article 12 (Pre-emption Rights) with the prior written consent of the Lead Investor or, if appropriate Articles 13 (Drag Along), 14 (Tag Along) or 15 (Compulsory Transfers); and
  - (b) (other than on an Exit) the proposed transferee has entered into an agreement to be bound by the Investment Agreement in the form required by clause 9.1 of the Investment Agreement.
- 10.2 For the purpose of ensuring that a particular transfer of shares lodged for registration is permitted under, or made in accordance with, these Articles, the Board may require the transferor or transferee named in that transfer to provide such information and evidence as the Board may reasonably think necessary or relevant. If such information and evidence is not provided to the satisfaction of the Board within 28 days after a request for it (or the first in a series of requests), the Board may refuse to register the transfer in question.
- 10.3 The Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of any share which would otherwise be permitted under, or made in accordance with, these Articles if it is a transfer:
- (a) of a share on which the Company has a lien; or
  - (b) of a share which is not fully paid to a person of whom they do not approve.
- 10.4 An obligation to transfer a share under these Articles shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such share free from any lien, charge or other encumbrance.
- 10.5 Regulations 30 and 31 shall be modified to reflect the provisions of this Article 10 and Articles 11, 12 and 13.

## 11 Permitted Transfers of Shares

### 11.1 For the purposes of these Articles:

**“Family Member”** means, in relation to a member, the spouse, widow or widower or parent of that member and that member’s children and remoter issue (including step and adopted children and remoter issue);

**“Family Trust”** means, each of the Garry Broadbent Settlement, the Jeffrey Spolnik Settlement and the Philip Wilson Settlement and further in relation to a member, a trust under which there is no immediate beneficial interest vested in any party other than that member or any Family Member of that member and under which no power of control over the voting powers conferred by any shares which are the subject of the trust is capable of being exercised by, or being subject to the consent of, any person other than the trustees of the Family Trust, such member or his Family Members;

**“Permitted Transfer”** means any transfer of shares permitted under this Article 11;

**“Relevant Shares”** means, the shares held by the Garry Broadbent Settlement, the Jeffrey Spolnik Settlement and the Philip Wilson Settlement and further in relation to a member any shares for the time being held by that member or his Family Members or trustees of his Family Trust; and

**“Settlor”** includes a testator or an intestate in relation to a Family Trust arising under a testamentary disposition or the intestacy of a deceased member respectively.

### 11.2 Ordinary Shares up to a maximum of half of the original holding of a member may be transferred to a Family Member of that member or (in the case of the shares held by the GBS Trustees) to a Family Member of Garry Broadbent or to the trustees of a Family Trust at any time provided that for the purposes of this Article 11.2, “member” does not include:

- (a) a bankrupt or a trustee in bankruptcy;
- (b) a trustee of a Family Trust; or
- (c) any person in respect of Shares which were previously transferred to him by way of Permitted Transfer under this Article 11.

### 11.3 Where shares are held by trustees under a Family Trust:

- (a) such shares may, on any change of trustees, be transferred to the new trustees of that Family Trust;
- (b) such shares may at any time be transferred to the Settlor or to any person to whom the Settlor could have transferred them under Article 11.2 if he had remained the holder of them; and
- (c) if and whenever any such shares cease to be held under a Family Trust (other than by virtue of a transfer made under this Article 11.3), the trustees of the Family Trust shall forthwith give a Sale Notice (as defined in Article 12.1) in

respect of the Relevant Shares and in any event within 28 days of the shares ceasing to be so held.

- 11.4 If any Family Member who has acquired shares from a member pursuant to this Article 11 (including under a distribution by the trustees of a Family Trust) ceases to bear the relationship to that member (or, where the member was the trustee of a Family Trust, the Settlor of that trust) by which the transfer qualified as a Permitted Transfer, that Family Member shall forthwith transfer the Relevant Shares back to that member for such consideration as they may agree or, in default of agreement within 28 days of the cessation, for the consideration (if any) for which that Family Member acquired them. In the event that such transfer is not effected within the prescribed time set out in this Article 11.4 the Board may appoint any director to execute instruments of transfer in favour of the original member and shall procure that the name of the original member be entered into the register of members in respect of such shares.
- 11.5 A shareholder which is a body corporate may transfer Ordinary Shares to a member of the same group (meaning a subsidiary or holding company for the time being of the body corporate or a subsidiary of any holding company of which that body corporate is also a subsidiary) if the transferee gives an undertaking to the Company that if the transferee is about to cease to be a member of the same group, all its shares in the Company will, before the cessation, be transferred to another member of the same group.
- 11.6 Without prejudice to Article 12.19 any Ordinary Shares, B Preferred Ordinary Shares or Deferred Shares may be transferred to any person and on any terms with the prior written consent of the Lead Investor.
- 11.7 Any of the Investors or any nominee thereof including NatWest Ventures (Nominees) Limited may at any time transfer any share:
- (a) to another Investor;
  - (b) to a member of the same group as that Investor's Group;
  - (c) to any person who becomes a manager or adviser of a company, fund or partnership in place of, or in addition to, such transferor;
  - (d) to any person who becomes a general partner, nominee or trustee for a limited partnership, unit trust or investment trust in place of, or in addition to, such transferor;
  - (e) to the partners of a limited partnership (or their nominees) or to the holders of units in a unit trust (or their nominees) on a distribution in kind or otherwise under the relevant partnership agreement or trust deed;
  - (f) to any investment trust (as defined in the Listing Rules of the London Stock Exchange) whose shares are listed on a recognised investment exchange and which is also manager of such member; or

- (g) to any co-investment scheme, being a scheme under which certain officers, employees or partners of an Investor or its adviser or manager are entitled (as individuals or through a body corporate or any other vehicle) to acquire shares which the Investor would otherwise acquire ("**Co-Investment Scheme**")

and for these purposes "**Investor's Group**" shall mean the Investor and any subsidiary or holding company of the Investor and any subsidiary of any such holding company.

11.8 NatWest Ventures (Nominees) Limited (or any person to whom it may have transferred shares pursuant to this Article 11) may at any time transfer any share:

- (a) to the beneficial owner or owners in respect of which the transferor is a nominee or custodian or any other nominee or custodian for such beneficial owner or owners;
- (b) to any unitholder, shareholder, participant, partner (including any person to whom such partner may have assigned its partnership interest or any interest therein) (each a "**Relevant Participant**"), or any Relevant Participant of any Relevant Participant in or of any investment fund in respect of which NatWest Ventures (Nominees) Limited or the transferor is a nominee or custodian or any manager or advisor thereof or to any shareholder in NatWest Equity Partners Co-investment Plan Limited ("**the Co-Investment Scheme**");
- (c) to any other investment fund managed or advised by the same manager or adviser as the investment fund in respect of which NatWest Ventures (Nominees) Limited or the transferor is a nominee or custodian; or
- (d) to a nominee or custodian or to a member of the same Group as NatWest Ventures (Nominees) Limited or any of the persons referred to in subparagraphs (a), (b) or (c) of this Article 11.8.

11.9 Any member holding shares in connection with or pursuant to a Co-Investment Scheme may at any time transfer any share:

- (a) to another person who holds or is to hold shares in connection with such Co-Investment Scheme; or
- (b) to any persons on their becoming entitled to the same under the terms of such Co-Investment Scheme.

11.10 The Investors or any nominee thereof (including NatWest Ventures (Nominees) Limited) may transfer up to 49.9 per cent of the Preferred Ordinary Shares and A Loan Notes subscribed by them on completion and any other securities or instruments subscribed pursuant to the Permitted Investment to any member or members of the British Venture Capital Association, or to any fundholder from time to time of the Lead Investor.

## **12 Pre-emption rights**

12.1 Without prejudice to any restrictions on transferring shares contained in the Investment Agreement and to the provisions of Article 12.19 a Shareholder who

wishes to transfer Shares to a person to whom Article 11 does not apply ("**Selling Shareholder**") shall subject to Article 12.20 serve notice on the Company ("**Sale Notice**") stating the number of shares he wishes to transfer ("**Sale Shares**") and his asking price for each share ("**Asking Price**").

- 12.2 The Selling Shareholder may state in the Sale Notice that he is only willing to transfer all the Sale Shares, in which case no Sale Shares can be sold unless offers are received for all of them but in the absence of such a statement, the Sale Notice shall be deemed not to contain such a statement.
- 12.3 An Investor Director may direct that any shares being sold by Ordinary Shareholders or B Preferred Ordinary Shareholders shall first be offered to a New Manager or, failing that to the Company. If an Investor Director does not require the shares to be so offered to such director or the Company in accordance with the foregoing provisions of this Article 12.3 the shares in question shall if the Board so directs and provided that the prior consent of an Investor Director shall be obtained (such consent not to be unreasonably withheld or delayed) instead be offered for sale to an Employee Trust. The vehicle (the Company or Employee Trust as the case may be) to whom shares are offered under this Article 12.3 is in these Articles referred to as 'the Warehouse'. Any shares not sold under this Article 12.3 within 21 days of such offer will be offered for sale to the members of the Company as set out in the remainder of this Article 12.
- 12.4 The Sale Notice shall make the Company the agent of the Selling Shareholder for the sale of the Sale Shares on the following terms, which the Company shall notify to the other Shareholders within seven days of receiving the Sale Notice:
- (a) the price for each Sale Share is the Asking Price;
  - (b) the Sale Shares are to be sold free from all liens, charges and encumbrances together with all rights attaching to them;
  - (c) subject to Articles 12.3 and 12.7 Sale Shares of a particular class specified in column (1) of the table below shall be offered as follows:
    - (i) in the first instance to all persons in the category set out in the corresponding line in column (2) in the table below;
    - (ii) to the extent not taken up in accordance with Article 12.5 by persons in column (2), to all persons in the category set out in the corresponding line in column (3) in the table below;
    - (iii) to the extent not taken up in accordance with Article 12.5 by persons in columns (2) and (3), to all persons set out in the corresponding line in column (4) in the table below;
    - (iv) to the extent not taken up in accordance with Article 12.5 by persons in columns (2) (3) and (4), to any bona fide arms length Third Party Purchaser within three months of the Third Closing Date (as referred to in Article 12.12);

but:

- (A) where no person is specified in a column no further offer shall be treated as made;
- (B) no Sale Shares shall be offered to any member who is then bound to give or is then deemed to have given a Sale Notice pursuant to Article 15;
- (C) if the Sale Shares are Ordinary Shares or B Preferred Ordinary Shares (as the case may be) which were due to be offered to the Warehouse but were either not offered or were not taken up and are being offered for sale at a price restricted to no more than their original subscription price all A Preferred Ordinary Shares held by members will be deemed to be Ordinary Shares or B Preferred Ordinary Shares (as the case may be) for the purposes of determining the entitlement of the members to be offered Sale Shares under the foregoing and following terms of this Article 12.

| (1)<br>Class of Sale<br>Shares             | (2)<br>Offered first<br>to              | (3)<br>Offered second<br>to             | (4)<br>Offered third<br>to                                                   | (5)<br>Offered<br>fourth to |
|--------------------------------------------|-----------------------------------------|-----------------------------------------|------------------------------------------------------------------------------|-----------------------------|
| <b>A Preferred<br/>Ordinary<br/>Shares</b> | A Preferred<br>Ordinary<br>Shareholders | Ordinary<br>Shareholders                | All members<br>holding shares as<br>if the same<br>consisted of one<br>class | Third Parties               |
| <b>B Preferred<br/>Ordinary<br/>Shares</b> | B Preferred<br>Ordinary<br>Shareholders | A Preferred<br>Ordinary<br>Shareholders | All members<br>holding shares as<br>if the same<br>consisted of one<br>class | Third Parties               |
| <b>Ordinary<br/>Shares</b>                 | Ordinary<br>Shareholders                | A Preferred<br>Ordinary<br>Shareholders | All members<br>holding shares as<br>if the same<br>consisted of one<br>class | Third Parties               |

- 12.5 Subject to Article 12.6 members to whom Sale Shares are offered pursuant to Article 12.4(c) shall be entitled to apply by notice in writing to the Company for any number of Sale Shares up to the maximum number of Sale Shares specified in the Sale Notice within 14 days of receiving notification from the Company in accordance with Article 12.4(c) and the Sale Shares shall be allocated to the applicants (as nearly as possible) in the proportions up to a maximum proportion of the Sale Shares which equals the proportion which all the shares of the same class as the Sale Shares then held by such member bears to all the shares of the same class as the Sale Shares held by all the offerees.
- 12.6 Where the number of Sale Shares is more than the number of Sale Shares for which applications are made, the excess shares ("**Excess Shares**") shall be allocated to the applicants (as nearly as possible) in the proportions up to a maximum proportion of the Sale Shares which equals the proportion which all the shares of the same class as the Sale Shares then held by such member bears to all the shares of the same class as the Sale Shares held by all the offerees. Those persons may without being bound to do so amend their application to buy any such Excess Shares in accordance with this Article 12.6.
- 12.7 In the table contained in Article 12.4(c) the references to Ordinary Shareholders in columns (2), (3) and (4) shall not include any such member who (or a connected person of whom) is not either employed full time by the Company at the time of the offer or transfer to any person who would not hold the entire legal and beneficial interest in such shares in his or her own personal capacity save that this shall not exclude the trustees of a Family Trust of such an employee.

- 12.8 Subject to Article 12.7, in the event of a transfer being made by an Ordinary Shareholder or B Preferred Ordinary Shareholder (or personal representative of any such shareholder) who is a Compulsory Seller as defined in Article 15 and who is transferring such shares as a consequence of death, then notwithstanding the order specified in the table in Article 12.4(c) such member shall be entitled to transfer such shares to any of the Ordinary Shareholders or B Preferred Ordinary Shareholders as shall have been specified in the will of the deceased shareholder. In the event of the condition in Article 12.7 not being satisfied in relation to a proposed transfer on death the provisions of the table in Article 12.4(c) will apply to the shares which were the subject of the proposed transfer.
- 12.9 21 days after the Company's despatch of the terms for the sale of the Sale Shares (the **"First Closing Date"**):
- (a) the Sale Notice shall become irrevocable;
  - (b) a person specified in column (2) of the table in Article 12.4(c) in relation to such shares who has not responded to the offer in writing shall be deemed to have declined it; and
  - (c) each application made (and not withdrawn) by any person (specified in the column (2) of the table in Article 12.4(c) in relation to such shares) to acquire Sale Shares shall become an irrevocable offer to purchase the same on the terms contained in Article 12.4(a) and 12.4(b).
- 12.10 If at the First Closing Date, there remain any Sale Shares for which applications have not been made then such remaining shares shall be offered to those persons shown in column (3) of the table in Article 12.4(c) for such class of shares and the provisions of Articles 12.4 to 12.9 (inclusive) shall be repeated in relation to such offer except that:
- (a) reference to the First Closing Date shall be replaced by reference to the Second Closing Date;
  - (b) reference to column (2) of the table in Article 12.4(c) shall be replaced by reference to the column (3) of the table in Article 12.4(c);
  - (c) references to "shares of the same class as the Sale Shares" shall be replaced by references to "shares of the class shown in column (3) of the table in Article 12.4(c)".
- 12.11 If at the Second Closing Date, there remain any Sale Shares for which offers have not been made then such remaining shares shall be offered to those persons shown in column (4) of the table in Article 12.4(c), for such class of shares and the provisions of Articles 12.4 to 12.9 (inclusive) shall be repeated in relation to such offer except that:
- (a) reference to the First Closing Date shall be replaced by reference to the Third Closing Date;
  - (b) reference to column (2) of the table in Article 12.4(c) shall be replaced by reference to the column (4) of the table in Article 12.4(c);

- (c) references to "shares of the same class as the Sale Shares" shall be replaced by references to "shares of the class shown in column (4) of the table in Article 12.4(c)".
- 12.12 Within seven days after the Third Closing Date (or the First Closing Date or the Second Closing Date in relation to all of the Sale Shares sold by then), the Company shall notify the Selling Shareholder and the persons who applied to buy Sale Shares of the result of the offer, and, if any Sale Shares are to be sold pursuant to the offer:
- (a) the Company shall notify the Selling Shareholder of the names and addresses of the persons who are to buy Sale Shares and the numbers to be bought by each;
  - (b) the Company shall notify each person buying shares of the number of Sale Shares he is to buy; and
  - (c) the Company's notice shall state a place and time, between 7 and 14 days later, on which the sale and purchase of the Sale Shares is to be completed, subject to Article 12.2.
- 12.13 In relation to any offer of unsold Sale Shares to a Third Party in accordance with the table in article 12.4(c), such transfer may only be made in relation to the Sale Shares for which offers were not received (or, if the Sale Notice stated that the Selling Shareholder was only willing to transfer all the Sale Shares, all the Sale Shares) and to any person at no less than the Asking Price per share, with any other terms being no more favourable than those in the Sale Notice and the Company and the Investor shall be entitled to require such evidence as they deem necessary or desirable to satisfy themselves as to such terms and no transfer to any Third Party will be registered until such information is provided to the satisfaction of the Company and the Investors.
- 12.14 Without prejudice to the generality of Article 10.2, the Board or the Investors may require to be satisfied that any Sale Shares being transferred by a Selling Shareholder pursuant to Article 12.13 are being transferred under a bona fide sale for the consideration stated in the transfer without any deduction rebate or allowance to the Third Party and if not so satisfied (acting reasonably) may refuse to register the instrument of transfer.
- 12.15 The Directors may not register a transfer of A Preferred Ordinary Shares, Ordinary Shares or B Preferred Ordinary Shares unless the proposed transferee has entered into an agreement to be bound by the Investment Agreement in the form required by that agreement.
- 12.16 If having issued a Sale Notice the Selling Shareholder does not transfer Sales Shares the Company may authorise any director to transfer the Sale Shares on the Selling Shareholder's behalf to the buying party concerned against receipt by the Company of the Asking Price per share. The Company shall hold the Asking Price in trust for the Selling Shareholder without any obligation to pay interest. The Company's receipt of the Asking Price shall be a good discharge to the buying shareholder. The directors shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Selling Shareholder shall surrender his share certificate for the

Sale Shares to the Company. On surrender, he shall be entitled to the Asking Price for the Sale Shares.

- 12.17 Nothing contained in these Articles (and in particular in the table in Article 12.4(c)) shall prevent or restrict the holders of the Preferred Ordinary Shares and Ordinary Shares transferring any shares held by them on or after an Exit to any person free of any pre-emption rights.
- 12.18 Any A Preferred Ordinary Share transferred to a member holding Ordinary Shares or B Preferred Ordinary Shares shall automatically (without any further authority than is herein contained being necessary) forthwith on such transfer be converted into an Ordinary Share or B Preferred Ordinary Share (as appropriate) and if such transferee is a holder of both Ordinary Shares and B Preferred Ordinary Shares such A Preferred Ordinary Shares shall convert into Ordinary Shares or B Preferred Ordinary Shares according to the capacity in which such shares were acquired in accordance with the order set out in Article 12.4(c) and the table set out in Article 12.4(c) and such Ordinary Shares and B Preferred Ordinary Shares shall rank *pari passu* with all other Ordinary Shares or B Preferred Ordinary Shares (as appropriate) and have all the rights, privileges and restrictions attached to them as set out in these Articles.
- 12.19 Notwithstanding the provisions of Article 11.6 or this Article 12 the JSS Trustees and the PWS Trustees shall be entitled to transfer the B Preferred Ordinary Shares held by them between themselves free of the pre-emption provisions contained in Article 12 with the prior written consent of the Lead Investor, such consent not to be unreasonably withheld.
- 12.20 Notwithstanding any other provision in these Articles the Deferred Shares may only be transferred with the prior written consent of the Lead Investor.

### **13 Drag Along Right**

- 13.1 Without prejudice to the provisions of Article 14 if the holders of a majority of the A Preferred Ordinary Shares (together the **"Exiting Shareholders"**) wish to transfer their shares to a bona fide arms length purchaser (**"Third Party Purchaser"**) and if such transfer or transfers would result in a Change in Control the Exiting Shareholders shall have the option (the **"Drag Along Option"**) to require all holders of the balance of the A Preferred Ordinary Shares, the B Preferred Ordinary Shares, the Ordinary Shares and the Deferred Shares to transfer all their shares to the Third Party Purchaser or as it shall direct in accordance with this Article 13.
- 13.2 The Exiting Shareholders may exercise the Drag Along Option by giving notice to that effect (a **"Drag Along Notice"**) to all holders of the A Preferred Ordinary Shares, the B Preferred Ordinary Shares, the Ordinary Shares and the Deferred Shares (the **"Called Shareholders"**) at any time before the transfer of the A Preferred Ordinary Shares. A Drag Along Notice shall specify that the Called Shareholders are required to transfer all their A Preferred Ordinary Shares, Ordinary Shares, B Preferred Ordinary Shares and Deferred Shares (as appropriate) (the **"Called Shares"**) pursuant to Article 13.1, the price at which the Called Shares are to be transferred calculated in accordance with Article 13.3 and the proposed date of transfer.

- 13.3 The Called Shareholders shall be obliged to transfer the Called Shares at the same price per Share as is to be paid by the Third Party Purchaser to the Exiting Shareholders which shall include any other sum as may reasonably be regarded as consideration for such Called Shares, having regard to the substance of that transaction when taken as a whole.
- 13.4 Completion of the sale of the Called Shares shall take place on the same date as the date proposed for completion of the sale of the Exiting Shareholders' Shares unless:
- (a) all of the Called Shareholders and the Exiting Shareholders agree otherwise; or
  - (b) that date is less than seven days after the Drag Along Notice, in which case the date for completion of the sale of the Called Shares shall be the seventh day after the Drag Along Notice.
- 13.5 Article 12 does not apply to transfers of shares made under this Article 13.

#### **14 Tag Along Right**

- 14.1 Notwithstanding any other provision in these Articles no sale or transfer or other disposition of any interest in any Shares (the "**Specified Shares**") save for a Permitted Transfer shall have any effect, if it would result in a Change in Control unless before the transfer is lodged for registration the proposed transferee ("**the Third Party Purchaser**") makes a bona fide offer in accordance with this Article 14.1 to purchase at the Specified Price (defined in Article 14.3) all the Shares (other than the Deferred Shares) including those held by the Investors and to purchase or procure that the Company shall redeem the Loan Notes (whether or not any amounts due on the Loan Notes have been withheld pursuant to clause 6.2 of the A Loan Note Instrument, B Loan Note Instrument or the A Finance Bond Instrument) as if such Loan Notes fell to be redeemed (in accordance with the terms of the relevant Loan Note Instruments) on a Change in Control.
- 14.2 An offer made under Article 14.1 shall be in writing open for acceptance for at least 21 days, and shall be deemed to be rejected by any member who has not accepted it in accordance with its terms within 28 days and the consideration thereunder shall be settled in full on completion of the purchase and within 30 days of the date of the offer.
- 14.3 For the purposes of Article 14.1 the expression "**Specified Price**" means the price per share to be paid by the proposed transferee, plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) as may reasonably be regarded as consideration for such shares, having regard to the substance of that transaction when taken as a whole; plus
- (a) a sum equal to any arrears or accruals of the dividends on such share and interest thereon calculated down to the date the transfer is completed; and
  - (b) a sum equal to the amount outstanding on the Loan Notes, (subject always to the express terms of the relevant Loan Note Instruments), together with any arrears or accruals of interest and any other sums outstanding in relation thereto calculated down to the date the transfer is completed.

14.4 If the Third Party Purchaser shall fail to serve a notice or make an offer in accordance with Article 14.1 (or, if an to the extent that the offer is accepted, the Third Party Purchaser shall fail to complete the purchase of any shares pursuant to the offer) he (and any member with whom he is acting in concert) shall cease to have any rights to vote or to dividend in respect of all the shares held by him and the directors may where relevant refuse to register the transfer of the shares acquired by the Third Party Purchaser which give rise to the obligations under Article 14.1 and may require the Third Party Purchaser to serve a Sale Notice in accordance with Article 12 in respect of all or any of the shares held by him.

14.5 Save in respect of Article 14.4, Article 12 shall not apply to transfers of shares made under this Article 14.

## **15 Compulsory transfer**

15.1 This Article 15 applies in the event of:

- (a) any member of the Company who is also a director or employee of the Company, or Garry Broadbent (as a connected person of the GBS Trustees), ceasing for any reason to be an employee or director of any company in the Group and for the avoidance of doubt, at the date of adoption of these Articles, Jeffrey Spolnik and Philip Wilson are not and shall not be deemed to be employees or directors of any company in the Group; or
- (b) the death of any member of the Company or the death of Garry Broadbent (as a connected person of the GBS Trustees) (save that this clause 15.1(b) shall not apply to the death of the trustees of the JSS or PWS Settlements or a trustee of the GBS Settlement who is not Garry Broadbent, or the death of Jeff Spolnik or Philip Wilson, or for the avoidance of doubt, the death of a trustee of a Family Trust who is not the Settlor of that Family Trust or also a member of the Company in a capacity other than his capacity as trustee); or
- (c) an Insolvency Event (in the case of a member which is a body corporate); or
- (d) in the case of shares which have been transferred as a Permitted Transfer pursuant to Articles 11.2 or 11.5 being required pursuant to Articles 11.4 or 11.5 to be transferred back (Article 11.4) or transferred to another member of a group (Article 11.5) and such transfer not being effected in the timescales respectively envisaged by such Articles

and in the remainder of this Article 15 reference to a "Relevant Member" shall be reference to a member or (where relevant) a connected person thereof as referred to in this Article 15.1 and such event shall deem such Relevant Member a Compulsory Seller whereupon the terms of Article 15 shall apply.

15.2 Where the provisions of Article 15 apply, reference to Compulsory Seller shall include:

- (a) the personal representatives, trustee in bankruptcy, liquidator, receiver or administrator of the Relevant Member in respect of all the shares in the Company held by them as at the date of the relevant event; and

- (b) each Family Member of the Relevant Member and each trustee of a Family Trust for the Relevant Member in respect of all the shares in the Company held by them as at the date of the relevant event; and
- (c) any other person in respect of the shares held by him as at the date of the relevant event which he acquired by one or more transfers which were Permitted Transfers under the terms of Article 11.

15.3 Subject to Article 15.22, within three months after the occurrence of an event specified in Article 15.1 (save where the provisions of Article 15.1(a) shall apply as a result of the cessation of employment by reason of incapacity due to ill health or accident, when the relevant time period shall be within 3 months after the date following 12 months after the event) an Investor Director may after consultation with the Board serve notice requiring the Relevant Member (or his personal representatives in the case of his death) and any transferee of such Relevant Member under Article 11 ("**Compulsory Seller**") to offer their Ordinary Shares and B Preferred Ordinary Shares (as appropriate) ("**Compulsory Sale Shares**") and the Relevant Loan Notes (as defined in Article 15.22) including any shares which have been transferred pursuant to Articles 11.2 or 11.5 either (as the Investor Director may require):

- (a) to a new Manager;
- (b) to an Employee Trust (in which case such a trust shall then be constituted by the Company in such form as is required or approved by the Investor Director, unless it already exists in such form as has already been approved by the Investor Director);
- (c) to the Company; or
- (d) in accordance with the order specified in the table in Article 12.4(c), and in the case of the Relevant Loan Notes as if reference to the Sale Shares in Article 12 was replaced by reference to the Relevant Loan Notes and provided that the order for the Relevant Loan Notes shall follow the order specified in the table in Article 12.4(c) as if the Relevant Loan Notes were divided pro-rata between the number of Ordinary and B Preferred Ordinary Shares constituting Compulsory Sale Shares

provided that the Compulsory Seller shall not be required pursuant to this Article 15.3 to sell some but not all of the Ordinary Shares or B Preferred Ordinary Shares held by him or her at the date of such notice.

15.4 In the event that the Investor Director requires the Compulsory Sale Shares and the Relevant Loan Notes to be offered to an Employee Trust or the Company ("**the Warehouse**") the Company shall fund the acquisition of the Compulsory Sale Shares and the Relevant Loan Notes by the Warehouse subject to such funding being lawful and the Company shall procure so far as it is able that such funding is if necessary approved pursuant to the provisions of sections 155 to 158 of the Act. Any Compulsory Sale Shares acquired by the Warehouse will at any time subsequently and when so required by the Investor Director be transferred free of the pre-emption provisions contained in Article 12 to any New Manager at such price as the Investor Director may approve. The Investor Director may at any time thereafter require that

some or all of the Compulsory Sale Shares and the Relevant Loan Notes be offered by the Warehouse in accordance with the order specified in Article 12.4(c) in the case of the Relevant Loan Notes as set out in Article 15.3 above, whereupon the following provisions of this Article 15 shall apply as if the Warehouse were the Compulsory Seller.

- 15.5 The Compulsory Seller shall offer his Compulsory Sale Shares and the Relevant Loan Notes to the offerees in accordance with Article 12 and this Article 15 free from all liens, charges and encumbrances together with all rights attaching to them on the terms set out in the following Articles 15.6 - 15.22 (inclusive).
- 15.6 The price for Compulsory Sale Shares and the Relevant Loan Notes shall be the price agreed between the Compulsory Seller and the Investor Director or, if they do not agree a price within 14 days of the Investor Director's notification under Article 15.3, as determined under Articles 15.7 to 15.22 (inclusive).
- 15.7 For the purposes of Article 15.6, the price for the Compulsory Sale Shares shall be:
- (a) if the Compulsory Seller shall be a Good Leaver, Market Value;
  - (b) if the Compulsory Seller shall be a Bad Leaver, the lower of the subscription price of the Compulsory Sale Shares and Market Value

provided that the B Preferred Ordinary Shares held by such Relevant Member shall be valued at Market Value regardless of whether the Compulsory Seller is a Good Leaver or a Bad Leaver.

- 15.8 For the purposes of Article 15.7:

- (a) **"Bad Leaver"** shall mean a Relevant Member who becomes a Compulsory Seller by reason of one of the following:
  - (i) the resignation of such Relevant Member as an employee or director of the Company without the consent of the Investor Director;
  - (ii) the Relevant Member being declared bankrupt pursuant to the Insolvency Act 1986;
  - (iii) the disqualification of the Relevant Member to act as a company director;
  - (iv) the employment of the Relevant Member with the Company or any member of the Group ceasing for any reason other than death, permanent illness or disability, wrongful dismissal, redundancy or as a result of the Company acting in repudiatory breach of the Relevant Member's service agreement with the Company;
- (b) **"Good Leaver"** shall mean a person who becomes a Compulsory Seller and is not a Bad Leaver save that an Investor Director may in his absolute discretion, decide that any Compulsory Seller who would otherwise be a Bad Leaver is a Good Leaver.

15.9 For the purposes of Article 15.7, Market Value shall be:

$$\frac{SS}{ES} \times MV$$

where

SS = the relevant Compulsory Sale Shares

ES = the aggregate number of Ordinary Shares and Preferred Ordinary Shares in issue

MV = the market value as determined in accordance with Article 15.10(a)

15.10

- (a) At the Board's discretion at any time or if there is a Compulsory Seller, the Independent Accountants shall be instructed to give their opinion of the fair market value of the entire issued Ordinary Shares and Preferred Ordinary Shares as if one class of shares sold on the open market (and therefore taking no account of the different rights attaching to the Preferred Ordinary Shares and the Ordinary Shares or any requirement for consents under the Investment Agreement or these Articles to the transfer of such shares) on the basis of a willing vendor and a willing purchaser taking into account all such factors as the Independent Accountants may deem relevant. The fees of the Independent Accountants in acting pursuant to this Article 15.10(a) shall be borne and paid in such manner as the Independent Accountants shall think fit and in the absence of such determination by the Compulsory Seller (where the Compulsory Seller is a Bad Leaver) and in any other event, equally between the Company and the Compulsory Seller. When considering the factors which are relevant the Independent Accountants shall take into account any arrears in dividends or repayments under the Loan Notes, any proposals or plans for the Company (including the timing of any actual or prospective Exit) the fact that the Group will continue as a going concern and the make up of the on-going management of the Company. If any difficulty shall arise in applying any of the foregoing considerations, such difficulty shall be resolved by the Independent Accountants in such manner as they shall in their absolute discretion think fit and they shall be deemed to give their opinion and to resolve any such difficulty acting and make their determination as experts and not arbitrators and their decision as to any matter referred to them for determination shall be final and binding in all respects on the parties and shall not in the absence of manifest error be subject to question on any ground whatsoever.
- (b) At the Board's discretion at any time or if there is a Compulsory Seller, the Independent Accountants shall be instructed to give their opinion of the fair market value of the Relevant Loan Notes (pursuant to Article 15.22) on the basis of a willing vendor and a willing purchaser taking into account all such factors as the Independent Accountants may deem relevant, which shall include the financial position of the Company, any arrears in dividends or

repayments under the relevant Loan Notes and the likelihood of repayment of the Relevant Loan Notes. The fees of the Independent Accountants in acting pursuant to this Article 15.10(b) shall be borne and paid in such manner as the Independent Accountants shall think fit and in the absence of such determination by the Compulsory Seller (where the Compulsory Seller is a Bad Leaver) and in any other event, equally between the Company and the Compulsory Seller. If any difficulty shall arise in applying any of the foregoing considerations, such difficulty shall be resolved by the Independent Accountants in such manner as they shall in their absolute discretion think fit and they shall be deemed to give their opinion and to resolve any such difficulty acting and make their determination as experts and not arbitrators and their decision as to any matter referred to them for determination shall be final and binding in all respects on the parties and shall not in the absence of manifest error be subject to question on any ground whatsoever.

- 15.11 The Independent Accountants shall be such firm of independent chartered accountants as the Board and the Compulsory Seller shall agree or, failing such agreement as the president for the time being of the Institute of Chartered Accountants in England and Wales may nominate on the application of the Board or the Compulsory Seller.
- 15.12 The Independent Accountants shall be instructed to notify the Board of their determination of any such matter within 21 days of such referral.
- 15.13 Within seven days after the price has been agreed or certified:
- (a) the Company shall notify the Compulsory Seller of the names and addresses of the offerees and the number of Compulsory Sale Shares and Relevant Loan Notes to be offered to each;
  - (b) the Company shall notify each offeree of the number of Compulsory Sale Shares and Relevant Loan Notes on offer to him; and
  - (c) the Company's notices shall specify the price per share and loan note and state a date, between seven and fourteen days later, on which the sale and purchase of the Compulsory Sale Shares and Relevant Loan Notes is to be completed ("**Completion Date**").
- 15.14 By the Completion Date the Compulsory Sellers shall deliver stock transfer forms for the Compulsory Sale Shares, with the relevant share certificates and loan note certificates relating to the Relevant Loan Notes to the Company. On the Completion Date and provided that the offerees have put the Company in the requisite funds the Company shall pay the Compulsory Seller, on behalf of each of the offerees, the agreed or certified price for the Compulsory Sale Shares and the Relevant Loan Notes and where such Loan Notes have not been transferred in accordance with the foregoing provisions of this Article 15 shall redeem the Relevant Loan Notes. The Company's receipt for the price shall be a good discharge to the offerees.
- 15.15 To the extent that the offerees have not, by the Completion Date, put the Company in funds to pay the agreed or certified price, the Compulsory Sellers shall be entitled to the return of the stock transfer forms, share certificates and loan note certificates for the relevant Compulsory Sale Shares and the Relevant Loan Notes respectively and

the Compulsory Sellers shall have no further rights or obligations under Article 15 in respect of the Compulsory Sale Shares and the Relevant Loan Notes.

- 15.16 If a Compulsory Seller fails to deliver stock transfer forms for Compulsory Sale Shares or instruments of transfer for the Relevant Loan Notes to the Company by the Completion Date, and provided that the offeree has, by the Completion Date, put the Company in funds to pay the agreed or certified price for the Compulsory Sale Shares and the Relevant Loan Notes offered to him the directors may (and shall, if requested by the Investor Director) authorise any director to transfer the Compulsory Sale Shares and the Relevant Loan Notes on the Compulsory Seller's behalf to each offeree. The directors shall then authorise registration of the transfer of the Compulsory Sale Shares once appropriate stamp duty has been paid and the Relevant Loan Notes. The defaulting Compulsory Seller shall surrender his share certificate for the Compulsory Sale Shares and his loan note certificate for the Relevant Loan Notes to the Company. On surrender, he shall be entitled to the agreed or certified price, without interest, for the Compulsory Sale Shares and the Relevant Loan Notes.
- 15.17 While shares are Compulsory Sale Shares by virtue of Article 15 they may not be transferred under Articles 11 or 12.
- 15.18 Any obligation to transfer shares or loan notes in accordance with the pre-emption table set out in Article 12.4(c) may unless an Investor Director shall otherwise determine, be satisfied by the Company purchasing such shares or redeeming the loan notes at the value determined pursuant to Article 15.6 out of the proceeds of a fresh subscription for shares by the proposed transferee (as per the table set out in Article 12.4(c)) such that the purchase will be effected by the Company out of the proceeds of a fresh issue of shares by the Company.
- 15.19 As an alternative to requiring the Compulsory Seller to offer some or all of his shares pursuant to Article 15.3 an Investor Director may with the consent of all shareholders other than the Compulsory Seller require the Compulsory Seller to offer his shares and the Relevant Loan Notes for purchase by the Company at the price referred to in Article 15.6. In such event the Compulsory Seller shall offer his shares and the Relevant Loan Notes in the same manner and subject to the same conditions as set out in Article 15.4 to 15.12 save that the timetable for completion of the sale and purchase of such shares and the Relevant Loan Notes shall be such timetable as the Company requires and the Investor Director approves to enable the Company to comply with all requisite provisions of the Act in relation to such sale and purchase.
- 15.20 In the event of a Compulsory Seller who would otherwise be a Bad Leaver being treated as a Good Leaver following a decision by an Investor Director as envisaged by Article 15.8(b), then the Company shall not be obliged to pay the amount payable on the Compulsory Sale Shares and the Relevant Loan Notes over and above that which would be payable had the Compulsory Seller been a Bad Leaver (as determined by this Article 15) until an Exit has occurred.
- 15.21 Each Compulsory Seller hereby irrevocably appoints the Company as his attorney (with the power to appoint any member of the Board as a substitute and to delegate to that substitute all or any power hereby conferred, other than this power of substitution, as if he had been originally appointed by his power of attorney) to give effect to any and all of the provisions of this Article 15.

15.22 The Compulsory Seller shall not be required to sell any of the Compulsory Sale Shares pursuant to Article 15.3 unless the A Loan Notes, FB Notes, B Loan Notes and D Loan Notes then held by the Compulsory Seller ("**the Relevant Loan Notes**") are also required to be sold pursuant to Article 15.3 and are subsequently sold or redeemed under the foregoing provisions of this Article 15. Subject thereto the relevant Loan Notes shall be purchased or redeemed:

- (a) in the case of the A Loan Notes and the FB Notes, at Market Value (as determined under Article 15.10(b) - 15.12); and
- (b) in the case of the B Loan Notes, at par value;
- (c) in the case of the D Loan Notes, market value if the Compulsory Seller is a Good Leaver and the lower of Market Value and par value if the Compulsory Seller is a Bad Leaver.

## **16 Sale Proceeds**

16.1 In the event of an Exit at an aggregate consideration which would result in the holders of the Preferred Ordinary Shareholders, the A Loan Notes and the FB Notes receiving less than the subscription price (including any premium) for the Preferred Ordinary Shares, the A Loan Notes and the FB Notes together with the amount of any arrears and other amounts due or owing thereon, the total of all such consideration shall be reallocated between the holders of the shares so as to ensure the order of application of the aggregate Exit proceeds as follows:

- (a) firstly, in paying to the holders of the Preferred Ordinary Shares, the A Loan Notes and the FB Notes the subscription price on the same together with all arrears and other amounts due or owing thereon;
- (b) secondly, in paying to the holders of the B Loan Notes the subscription price on the same, together with all arrears and other amounts due or owing thereon; and
- (c) thirdly, in paying the balance pro rata to the holders of the Preferred Ordinary Shares and Ordinary Shares as if they constituted one class of Shares.

## **17 General Meetings**

17.1 Regulation 37 of Table A shall be modified by the deletion of the words "eight weeks" and the substitution for them of the words "28 days" and by the insertion of the words "or the Investor Director acting alone" after the second word of that regulation.

17.2 A corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise such a person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company. The person so authorised is entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member.

- 17.3 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.
- 17.4 Where an ordinary resolution of the Company is expressed to be required for any purpose, a special or extraordinary resolution is also effective for that purpose, and where an extraordinary resolution is expressed to be required for any purpose, a special resolution is also effective for that purpose.
- 17.5 Regulation 53 of Table A shall be modified by the addition at the end of the following sentence: "If a resolution in writing is described as a special resolution or as an extraordinary resolution it shall have effect accordingly".
- 17.6 Regulation 57 of Table A shall be modified by the inclusion after the word "shall" of the phrase "unless the directors otherwise determine".
- 17.7 Regulation 59 of Table A shall be modified by the addition at the end of the following sentence: "Deposit of an instrument of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it".
- 17.8 Regulation 62 of Table A shall be modified by the deletion in paragraph (a) of the words "deposited at" and by the substitution for them of the words "left at or sent by post or facsimile transmission to", by the substitution in paragraph (a) of the words "one hour" in place of "48 hours" and by the substitution in paragraph (b) of the words "one hour" in place of "24 hours".
- 17.9 The Chairman shall not be entitled to exercise any second or casting vote. Regulation 50 shall not apply.

## **18 Number of directors**

- 18.1 Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) is not subject to any maximum and the minimum number is one.

## **19 Alternate directors**

- 19.1 The Investor Director shall be entitled to appoint any person willing to act, whether or not he is a director of the Company, to be an alternate director. Those persons need not be approved by resolution of the directors and Regulation 65 of Table A is modified accordingly.
- 19.2 Regulation 66 shall be amended by the insertion between the words "shall" and "be" of the words "(subject to his giving the Company an address within the United Kingdom at which notice may be served upon him)".
- 19.3 A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.
- 19.4 If an alternate director is himself a director or attends any meeting as an alternate director for more than one director, his voting rights shall be cumulative but he shall only be counted once in deciding whether a quorum is present.

- 19.5 Regulation 68 of Table A shall be modified by the addition at the end of the following sentence "Any such notice may be left at or sent by post or facsimile transmission to the office or such other place as may be designated for the purpose by the directors".

## **20 Appointment, retirement and removal of directors**

- 20.1 The directors are not subject to retirement by rotation and all references in any Regulation of Table A to retirement by rotation are to be disregarded.
- 20.2 The Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.
- 20.3 A person appointed by the directors to fill a vacancy or an additional director need not retire from office at the annual general meeting next following his appointment and the last two sentences of Regulation 79 of Table A shall be deleted.

## **21 Investor Director/Observer/Chairman**

- 21.1 So long as the Investors are members of the Company:
- (a) the Investor shall have the right to have four nominees of its choice appointed to act as directors of the Company and its subsidiaries, one of whom may be appointed as the non-executive Chairman of the Company. Such right may be exercised from time to time by written notice to the Company and its subsidiaries and the Investor may also remove any such director and appoint a replacement;
  - (b) each Investor Director shall be entitled to disclose to the Investor, the Investor's advisers or any party to the Financial Facilities such information concerning the Company and its subsidiaries as that Investor Director from time to time thinks fit;
  - (c) each Investor Director shall not be required to hold any share qualification nor be subject to retirement by rotation and shall not be removed from office except by the Investor.
- 21.2 Each Investor Director will be entitled to attend and address all meetings of the Board and of the members of the Company and its subsidiaries and the Board will ensure that each Investor Director is given at least 5 working days prior notice of such meetings together with all appropriate notices, agendas and papers prepared for such Board Meetings or distributed to any of the directors in respect of the Company and the relevant subsidiary.
- 21.3 No business shall be transacted at any meeting of the Board except that specified in the agenda for such meeting unless an Investor Director is present and agrees to the transaction of such other business.
- 21.4 Throughout the period that an Investor Director is appointed the Company shall pay to each such Investor Director a fee ("**the Investor Director's Fee**") which for the first year of his appointment shall be £25,000 per annum plus reasonable out of pocket expenses (including but not limited to accommodation and travel expenses) and applicable VAT.

- 21.5 The fees payable under clause 21.4 shall be paid to each Investor Director monthly in arrears and each Investor Director's Fee shall be increased for each subsequent 12 month period after the first anniversary of the date of adoption of these Articles by such amount as the Investor and the directors of the Company may agree and in the absence of agreement by such reasonable amount as the Investor may specify being at least equivalent to the proportionate increase (if any) which shall have been recorded in the Index of Retail Prices over the preceding 12 month period.
- 21.6 The Investor will also have the right from time to time by notice in writing to appoint an observer to the Company instead of or in addition to any Investor Director ("**the Observer**"). The Company will:
- (a) provide the Observer with at least 5 clear working days' notice prior to the holding of all Board meetings and members' meetings together with copies of all appropriate notices, agendas and board papers;
  - (b) allow the Observer to attend all meetings of the Board and of shareholders and to speak at such meetings.
- 21.7 The Observer shall be entitled to disclose to the Investor and to any bank or other financial institution with an investment in the Company (but not to any other person, firm or company) any such information relating to the Company and its subsidiaries as such observer from time to time thinks fit.
- 21.8 For the avoidance of doubt the Observer shall not be a director of the Company or any of its subsidiaries and shall not be entitled to vote at any meeting it attends.
- 21.9 Notice of meetings of the Board shall be served on any Investor Director who is absent from the United Kingdom at the address notified by him to the Company for this purpose. Regulation 88 of Table A shall be modified by the exclusion of the third sentence and the substitution for it of the following sentence: "Every director shall receive notice of a meeting, whether or not he is absent from the United Kingdom. A director may waive the requirement that notice be given to him of a board meeting either prospectively or retrospectively".
- 21.10 Regulation 81(e) shall not apply to an Investor Director.
- 21.11 In the event that no Investor Director is at any time appointed any consent, approval, direction, determination or other decision or action which, under these Articles, falls to be given, made or undertaken by an Investor Director may, instead, be given, made or undertaken by the Lead Investor.
- 21.12 The Investors, Lead Investor and any Investor Director may pass any information received from the Company to:
- (a) any associated company of the Investors or the Lead Investor;
  - (b) any adviser to, trustee or manager of or investors or prospective investors in any fund advised or managed by the Investors or the Lead Investor or any associated company of the Lead Investor;
  - (c) the Investors' professional advisers;

- (d) any lender to the Company (including the Bank);
- (e) any person to whom the Investors propose to syndicate any part of the Investment pursuant to clause 10.2 of the Investment Agreement and such person's professional advisers; and
- (f) any person whom the Lead Investor proposes to appoint as Chairman.

## **22 Disqualification and removal of directors**

22.1 The office of a director shall be vacated if:

- (a) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director;
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (c) he becomes, in the opinion of all co-directors, incapable by reason of mental disorder of discharging his duties as director;
- (d) he resigns his office by notice in writing to the Company;
- (e) he has for more than six consecutive months been absent from meetings of directors held during this period and his alternate director (if any) has not during such period attended any such meetings instead of him, and the directors resolve that his office be vacated; or

22.2 A person voting against a resolution under section 303 of the Act to remove the Investor Director is deemed, in respect of that resolution, to have five times the votes of a person voting in favour of the resolution and Regulation 54 of Table A is modified accordingly.

## **23 Proceedings of directors**

23.1 The quorum for the transaction of business of the Board shall be two directors, one of whom shall be an Investor Director (or his alternate), in person or by proxy.

23.2 Save with the consent of the Investor Director:

- (a) the Board shall not delegate any of its powers to a committee; and
- (b) meetings of the Board shall not be held outside the United Kingdom.

23.3 The chairman of the Board shall not have a second or casting vote at a meeting of the Board. The fifth sentence of regulation 88 shall not apply.

23.4 Any director or his alternate may validly participate in a meeting of the directors or a committee of directors through the medium of conference telephone or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and

entitled to vote. Subject to the Act, all business transacted in this way by the directors or a committee of the directors is for the purposes of the Articles deemed to be validly and effectively transacted at a meeting of the directors or of a committee of the directors although fewer than two directors or alternate directors are physically present at the same place. The meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

- 23.5 Meetings of the board of directors shall take place no less frequently than eleven times per year and at least five working days' notice shall be given to each director provided that with the consent of a majority of the directors, including the prior written consent of the Investor Director, board meetings may be held less frequently and convened on less notice.
- 23.6 If and so long as there is a sole director, he may exercise all the powers conferred on the directors by the Articles by resolution in writing signed by him, and regulations 88, 89, 91 and 93 of Table A and Article 15.6(b) shall not apply.
- 23.7 A director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or proposed contract (within the meaning of section 317 of the Act) with the Company shall declare the nature of his interest at a meeting of the Board or of any committee of the Board in accordance with that section. Subject where applicable to such disclosure a director may vote at any such meeting on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company. Regulations 94 and 95 shall not apply.
- 23.8 Subject to Article 23.9 provided that a director has disclosed his interest in accordance with section 317 of the Act, a director may vote at a meeting of directors or of a committee of directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty. The director shall be counted in the quorum present when any such resolution is under consideration and if he is entitled to vote his vote shall be counted.
- 23.9 Notwithstanding any other provision of these Articles, the conduct of any proceedings relating to any claim by the Company in respect of the Acquisitions shall be a matter for the Board, save that Garry Broadbent shall not be entitled to be present at or participate in any discussions which relate to any claim or claims or potential claim or claims by the Company in respect of or relating to its acquisition of the entire issued share capital of DIL, or to vote on any matter relating thereto.

## **24 Borrowing powers of directors**

- 24.1 The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Act, to issue debentures. The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (but as regards subsidiaries only in so far as by the exercise of such rights or powers of control the Board can secure) that the aggregate amount from time to time outstanding of all Group Borrowings shall not without the

previous consent in writing of the Investor Director exceed £84,355,001 (eighty four million, three hundred and fifty five thousand and one pounds), such figure to reduce thereafter in accordance with the amounts already redeemed on the Loan Notes from time to time.

- 24.2 Notwithstanding the foregoing no lender or other person dealing with the Company shall be concerned to see or inquire whether the limit imposed by this Article is observed and no borrowing incurred or security given in excess of such limit shall be invalid or ineffectual, except in the case of express notice to the lender or the recipient of the security at the time when the borrowing was incurred or security given that the limit hereby imposed had been or was thereby exceeded.

## **25 Notices**

- 25.1 Regulation 112 of Table A is modified by the deletion of the last sentence and the substitution for it of the following: "A member whose registered address is not within the United Kingdom shall be entitled to have notices given to him at the address".
- 25.2 A notice sent by post to an address within the United Kingdom is deemed to be given 24 hours after posting, if pre-paid as first class, and 48 hours after posting, if pre-paid as second class. A notice sent by post to an address outside the United Kingdom is deemed to be given four days after posting, if pre-paid as airmail. Proof that an envelope containing the notice was properly addressed, pre-paid and posted is conclusive evidence that the notice was given. A notice not sent by post but left at a member's registered address is deemed to have been given on the day it was left.
- 25.3 Regulation 116 of Table A is modified by the deletion of the words "within the United Kingdom".
- 25.4 Where the Articles require notice to be given by the holders of a stated percentage of shares, notice may consist of several documents in similar form each signed by or on behalf of one or more shareholders.

## **26 Indemnity**

- 26.1 Subject to the provisions of the Act, but without prejudice to an indemnity to which he may otherwise be entitled, every director, alternate director or secretary of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him in the proper execution of his duties or the proper exercise of his powers, authorities and discretions including, without limitation, a liability incurred defending proceedings (whether civil or criminal) in which judgment is given in favour or in which he is acquitted or which are otherwise disposed of without a finding or admission of material breach of duty on his part, or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company. Regulation 118 shall be extended accordingly.

## **27 Capitalisation of Profits**

The directors may with the authority of a special resolution of the Company:

- (a) resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and
- (b) resolve to appropriate the sum resolved to be capitalised pursuant to (a) above to those members who would have been entitled to it if it were distributed by way of dividend and in the same proportions, or as otherwise agreed by those members, in favour of such person or persons as so agreed (whether or not such persons are existing members of the Company), in paying up in full (including, for the avoidance of doubt, any premium thereon) unissued shares in the share capital of the Company and to allot such shares credited as fully paid to such members, or as they may otherwise agree;

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