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THE COMPANIES ACTS 1985 TO 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

Adopted by Special Resolution passed 30 January 2001
of Dunlop Slazenger Group Holdings Limited
(formerly Liftspace Limited)

Incorporated 30 August 2000

Company No. 04061715

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DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

ARTICLES OF ASSOCIATION

(Adopted by Special Resolution passed
on the 30th day of January 2001)

1. DEFINITIONS, INTERPRETATION AND TABLE A

1.1 In these Articles unless there is something in the subject or context inconsistent therewith:-

"A" Ordinary Shares means "A" ordinary shares of 0.01p each having the rights and benefits and subject to the restrictions set out herein;

"the Act" means the Companies Act 1985 as amended and including any statutory consolidation or re-enactment thereof for the time being in force;

"the Articles" means these articles;

"the Auditors" means the auditors for the time being of the Company;

"the Board" means the board of directors of the Company for the time being;

"the Company" means the company registered with number 04061715;

"company" means any body corporate or association of persons whether or not a company within the meaning of the Act;

"Competitor" means any person who is either engaged in or a member of a group which is engaged in the manufacture of sports goods of a type manufactured by the Company or any of its subsidiaries but excluding for this purpose swimming and athletic sporting goods;

"corporation" means any body corporate or association of persons whether or not a company within the meaning of the Act;

"Credit Agreement" means the credit agreement dated 10 March 1996 made between the Company, Dunlop Slazenger Group Limited, certain banks and National Westminster Bank plc as Facility Agent, Overdraft Bank and Excess Working Capital Bank (as amended from time to time);

"the Directors" means the directors for the time being of the Company as a body, or a quorum of the directors present at a meeting of the directors, and includes the Chairman and an alternate director validly appointed and acting pursuant to Regulations 65 to 69 of Table A;

"dividend" includes any distribution whether in cash or in kind out of revenue or capital;

"Employee Trust" means any trust established by any company in the Group for the benefit of the employees of any company in the Group;

"Family" means the spouse, mother, father, grandmother, grandfather, brother, sister, child or other issue (or their respective spouses) of any member who is a director or employee of any company in the Group;

"Family Trust" means a settlement set up by any shareholder who is a director or employee of any company in the Group provided that only any such shareholder and/or members of his Family are capable of being a beneficiary or beneficiaries thereof;

"Group" means the Company, its subsidiaries and its subsidiary undertakings;

"group company" in relation to a company means another company which is a member of the same group as defined in section 140C(b) of the Taxes Act;

"the holder" in relation to shares means the member whose name is entered in the register of members of the Company as the holder of the shares;

"Intercreditor Deed" means the intercreditor deed dated 10 March 1996 made between Dunlop Slazenger Group Limited ("DSGL"), certain subsidiaries of DSGL, the Banks (as defined therein), National Westminster Bank plc (as overdraft bank, facility agent, facility trustee and overdraft bank) and others as amended and restated pursuant a deed of amendment dated 17 September 1996 and to be amended by the intercreditor amendment and restatement deed made on the date of adoption of these Articles;

"Invensys" means Invensys PLC (registered number 166023) whose registered office is at Invensys House, Carlisle Place, London SW1P 1BX;

"Invensys Shares" means 10,000 "A" Ordinary Shares registered in the name of Hawker Siddeley Management Limited;

"Listing" means the listing of the issued "A" Ordinary Shares and/or Ordinary Shares on the Official List of the London Stock Exchange or the Alternative Investment Market of the London Stock Exchange or on any recognised investment exchange (as that term is used in the Financial Services Act 1986) or in or on any exchange or market replacing the same;

"officer" means and includes a Director or the secretary of the Company;

"Ordinary Shares" means ordinary shares of 0.01p each having the rights and benefits and subject to the restrictions set out herein;

"Ordinary Shareholder" means a holder from time to time of an Ordinary Share;

"Sale" means either (a) the completion of an agreement for the purchase of all the Ordinary Shares and the "A" Ordinary Shares (to the extent not already owned by the purchaser or persons acting in concert or connected with the purchaser) or the acceptance of an offer as a result of which the offeror becomes entitled or bound to acquire the remainder of such

shares in accordance with the Act and/or the Articles or (b) the sale of all or a substantial part of the business carried on by the Group;

"Sale Shares" means any shares offered or deemed to be offered for sale pursuant to Article 7 or Article 10;

"Shares" means the "A" Ordinary Shares and the Ordinary Shares;

"subsidiary" has the meaning attributed to it in Section 736 of the Act;

"Table A" means the regulations contained in Table A in the Companies (Tables A to F) Regulations 1985 (S.I. 1985 No. 805) as amended by S.I. 1985 No. 1052;

"the Taxes Act" means the Income and Corporation Taxes Act 1988 as amended;

"Transfer Notice" means a notice given or deemed to be given pursuant to Article 7 or 10;

"Transfer Price" means the price determined in accordance with Article 7, 10.3 or 10.4; and

"the Warrant" means the right, held by Hawker Siddeley Management Limited, as at 8 February 2001, to subscribe for 3,990,000 "A" Ordinary Shares pursuant to and in accordance with the terms of the warrant instrument executed by the Company on and dated 8 February 2001.

1.2 Unless the context otherwise requires, words or expressions contained in these Articles bear the same meanings as in the Act or in the Taxes Act.

1.3 In these Articles:-

- (a) Article headings are included for convenience only and shall not affect the construction of these Articles;
- (b) words denoting the singular include the plural and vice versa;
- (c) words denoting one gender include each gender and all genders; and
- (d) references to persons are deemed to include references to natural persons, to firms, to partnerships, to companies, to corporations, to associations, to organisations and to trusts (in each case whether or not having separate legal personality).

1.4 Unless otherwise specifically provided, where any notice, resolution or document is required by these Articles to be signed by any person, the reproduction of the signature of such person by means of facsimile shall suffice, provided that confirmation by first class letter is despatched by the close of business on the next following business day, in which case the effective notice, resolution or documents shall be that sent by facsimile, not the confirmatory letter.

1.5 The regulations contained in Table A shall apply to the Company save in so far as they are excluded or modified by these Articles. In particular:-

- (a) Regulation 54 shall not apply to the Company and Article 4 shall govern voting procedure at members' meetings;
- (b) Regulation 62(a) relating to the depositing of proxies shall be amended by the deletion of the words "not less than 48 hours" and Regulation 62(b) relating to a poll shall be amended by the deletion of the words "not less than 24 hours";
- (c) Regulations 42, 43 and 91 shall be deemed to be deleted if a Chairman has been specifically appointed to that post and is in attendance at the meeting in question;
- (d) the lien conferred by Regulation 8 of Table A shall attach also to fully paid up shares and to all shares registered in the name of any person indebted or under liability to the Company whether he shall be the sole registered holder thereof or shall be one of two or more joint holders;
- (e) Regulation 37 relating to requisition by members of an extraordinary general meeting shall be amended by replacing the words "eight weeks" with the words "28 days"; and
- (f) Regulations 73 to 77 (inclusive) shall not apply to the Company.

2. **AUTHORISED CAPITAL**

The authorised share capital of the Company at the date of the adoption of these Articles is £1,000 divided into 3,000,000 Ordinary Shares and 7,000,000 "A" Ordinary Shares.

3. **INCOME**

Subject to any restrictions on payment of dividends imposed by law and any restrictions set out in the Credit Agreement, the Company may pay to the holders of Shares such dividends (if any) as the Board shall recommend and the holders of a majority in nominal value of the Shares entitled to attend and vote at general meetings of the Company shall approve.

4. **VOTING**

4.1 Subject to Article 4.2, on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by duly authorised representative, not being himself a member entitled to vote, shall have one vote and on a poll every member shall have one vote for every Share of which he is the holder.

4.2 If a resolution to approve either the issue of new Shares or the grant of authorities to the Directors to allot new Shares is proposed or considered at any time whilst Invensys is the registered holder of:-

- (a) the Invensys Shares; and

(b) the Warrant;

and at such time Invensys shall not have exercised (whether in whole or in part) its right as the holder of the Warrant to subscribe for "A" Ordinary Shares, Invensys shall be entitled on a poll (which Invensys shall be entitled to demand) to cast such number of votes as it would have been entitled to vote had it exercised its right in full under the Warrant to subscribe for (and had issued to it) 3,990,000 "A" Ordinary Shares.

- 4.3 Where an Ordinary Shareholder has served or is deemed to have served a Transfer Notice, such holder(s) of the Sale Shares specified or deemed to have been specified in such Transfer Notice shall not be entitled to attend or vote at any general meeting or class meeting provided that if and for so long as a member who has served or is deemed to have served a Transfer Notice remains the holder of such Sale Shares after the expiry of six months after the service or deemed service of such Transfer Notice such member shall be entitled to the rights to attend and vote at general meetings which he would have had but for this Article.

5. CLASS RIGHTS

Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class of shares may be varied or aggregated 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 per cent. in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, mutatis mutandis apply, save that the necessary quorum shall be two persons at least holding issued shares of the class (but so that if at any adjourned meeting of such holders a quorum, as above defined is not present those members who are present shall be a quorum and where there is only one person holding shares of that class the sole shareholder shall be a quorum), and that the holders of shares in the class shall, on a poll have one vote in respect of every share of the class held by them respectively.

6. FURTHER ISSUES OF SHARES

- 6.1 Subject to any direction to the contrary which may be given by ordinary or other resolution, and subject to any statutory provisions the unissued shares of the Company referred to in Article 6.2 shall be at the disposal of the Directors who are hereby generally and unconditionally authorised for the purposes of section 80 of the Act to allot relevant securities (as defined in section 80(2) of the Act) up to the maximum nominal amount set out in Article 6.2 and they may offer, allot, grant options or otherwise dispose of them in accordance with the provisions of section 89(1) and sections 90(2) to (6) of the Act.
- 6.2 The maximum amount of relevant securities that may be the subject of allotment under such authority shall be the amount by which the nominal amount of the authorised share capital of the Company exceeded the nominal amount of the issued share capital of the Company at the date of adoption of these Articles; such authority shall expire on the date five years from the date immediately preceding that on which the resolution adopting these Articles is passed

save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement accordingly; the amount of a relevant security shall, in the case of a share in the Company, mean its nominal amount and, in the case of a right to subscribe for, or to convert any security into, shares in the Company, the nominal amount of the number of such shares which would be required to satisfy such right (assuming full exercise).

- 6.3 Except so far as otherwise provided by or pursuant to these Articles or by the conditions of issue, any new share capital shall be considered as part of, and shall be subject to the same provisions with reference to transfer and otherwise as, the existing share capital.

7. **TRANSFER OF SHARES**

- 7.1 Subject to the relevant provisions of the Act and except as provided in Article 7.11 or in Article 8, "A" Ordinary Shares may be transferred without restriction and Regulations 23 to 28 of Table A shall be deemed to be modified accordingly. The Directors shall decline to register any transfer made or purported to be made in breach of Article 7.11.
- 7.2 Except as hereinafter provided in Articles 8, 9 and 10 and subject to the other provisions of this Article 7 no Ordinary Shares shall be transferred unless and until the provisions of Article 11 have been complied with, and the Directors shall decline to register any transfer not made in accordance with the provisions of these Articles or of Ordinary Shares on which the Company has a lien.
- 7.3 Except where a transfer is permitted pursuant to Article 9 or except where a transfer is required to be given pursuant to Article 10, a holder of Ordinary Shares ("**Vendor**") wishing to transfer his Ordinary Shares or any of them shall give notice in writing (a "**Transfer Notice**") to the Company specifying:-
- (a) the Ordinary Shares (the "**Sale Shares**") which he desires to transfer;
 - (b) the name of any third party to whom he proposes to sell or transfer the Sale Shares; and
 - (c) the price at which he proposes to transfer the Sale Shares.
- 7.4 If the Vendor, not being a Vendor under a Transfer Notice pursuant to Article 10, includes in the Transfer Notice a provision that unless all the Sale Shares comprised therein are sold none shall be sold then the Offer Notice given by the Company pursuant to Article 11 shall refer to such provisions and shall be construed accordingly and the Vendor shall not be obliged to complete any sales unless such provision is complied with in full.
- 7.5 Any reference to the transfer of a Share in these Articles shall include the transfer or purported transfer of the beneficial ownership of such Share.
- 7.6 The Directors may require to be satisfied in such manner as they may reasonably require that the Sale Shares are being sold in pursuance of a bona fide sale for the consideration stated in

the Transfer Notice without any deduction, rebate or allowance whatsoever to the purchaser and if not so satisfied may refuse to register the instrument of transfer.

- 7.7 No Share shall in any circumstances be issued or transferred to any Competitor, infant, bankrupt or person of unsound mind.
- 7.8 No disposition, charge, mortgage or encumbrance of or agreement so to dispose, charge, mortgage or encumber the legal or beneficial interest in any Ordinary Share (other than by a permitted transfer in accordance with Article 9 or a deemed transfer in accordance with Article 10) shall be made. If any such member has in contravention of this provision charged, mortgaged or in any way encumbered any of his Shares or agreed to do so, then if under any circumstances any third party enforces any rights in respect of such Shares as a result of such charge, mortgage or encumbrance or agreement, then such member shall be deemed to have given a Transfer Notice to the Company and the provisions of Article 11 shall apply.
- 7.9 If an offer (the "**Offer**") is made by any person to acquire the entire issued equity share capital of the Company, and the Offer is accepted by the holders of 85 per cent. by nominal value of the "A" Ordinary Shares and the Ordinary Shares in aggregate, the holders of all "A" Ordinary Shares and Ordinary Shares shall if the Offer is recommended by the Board and the Board has been advised in writing by a reputable merchant bank in the U.K. that the terms of the Offer are fair and reasonable and in the interests of all the shareholders, be bound to accept or be deemed to have accepted the Offer in respect of all of their shares.
- 7.10 If the holders of the "A" Ordinary Shares (or any of them) or the Ordinary Shares (or any of them) shall make default in transferring their Shares pursuant to the acceptance or deemed acceptance of the Offer, the provisions of Article 11.9 (references therein to the Vendor, Sale Shares and Applicant being read as references to the holder making such default, the Shares in respect of which such default is made and the person making the Offer respectively) shall apply to the transfer of such Shares mutatis mutandis but the Transfer Price shall be the price offered for such shares pursuant to the Offer.
- 7.11 Notwithstanding any other provision of these Articles no shareholder:
- (a) may sell, transfer or otherwise dispose of any Share or any legal or beneficial interest in that Share to a Competitor;
 - (b) may pledge, mortgage (whether by way of fixed or floating charge) or otherwise encumber any Share or any legal or beneficial interest in that Share in favour of a Competitor;
 - (c) may enter into any agreement with a Competitor in respect of the votes attached to any Share;
 - (d) may renounce in favour of or assign to a Competitor any right to receive any Share or any legal or beneficial interest in that Share; or

- (e) may agree, whether or not subject to any condition precedent or subsequent, to do any of the foregoing;

except where the Competitor makes an offer to acquire the entire issued equity share capital of the Company on the same terms and conditions upon which the Competitor acquires the relevant Shares (or any interest therein or any rights in relation thereto) and with no collateral agreements, arrangements or understandings which make the sale of any shares more favourable to any one or more shareholder.

8. TRANSFER OF CONTROL

- 8.1 No sale or transfer of any Shares (the "**Specified Shares**") conferring the right to vote at general meetings of the Company shall, if resulting (if made and registered) in a person or persons obtaining or increasing a controlling interest in the Company, be made or registered unless not less than 14 days before the transfer is lodged for registration the proposed transferee or his nominee has offered to purchase all of the issued shares of the Company at the Specified Price as hereinafter defined, such offer to remain open for acceptance for not less than 21 days other than in the case of a transfer in accordance with Articles 9.1 or 9.2.

- 8.2 For the purpose of Article 8.1:-

- (a) the expressions "**transfer**", "**transferor**" and "**transferee**" shall include respectively the renunciation of a renounceable letter of allotment or renounceable share certificate and the original allottee and the renounee under any such letter of allotment or certificate;
- (b) the expression "**a controlling interest**" shall mean in the case of any person (or persons) the legal or beneficial ownership by a person of 50 per cent. of the shares having an unrestricted right to vote at a general meeting of the Company;
- (c) the "**Specified Price**" shall in respect of Shares of the same class as the Specified Shares mean a price per Share at least equal to that offered by the proposed transferee or transferees for the Specified Shares together with an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the Specified Shares which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for the Specified Shares (the "**Price**") and in respect of Shares of other classes means a price per Share calculated by reference to the Price;
- (d) in the event of disagreement about the calculation of the Specified Price it shall be referred to an umpire (acting as expert and not as arbitrator) nominated by the parties concerned (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales or its successors) whose decision shall be final and binding; and
- (e) the expression "**person**" means a person and its connected persons (as defined in Section 839 of the Taxes Act) and persons acting in concert with (as defined in accordance with the City Code on Takeovers and Mergers) that person.

- 8.3 The provisions of Article 7 shall apply to any sale or transfer of Specified Shares which has the result described in Article 8.1 (obtaining or increasing a controlling interest) but shall not apply to any offer to purchase all the issued Shares pursuant to this Article 8 which has become unconditional.

9. **PERMITTED TRANSFERS**

- 9.1 Any Ordinary Shareholder being a company may transfer without restriction as to price or otherwise all or any of its Shares to an associated company, being the holding company or a subsidiary of a corporate member or a subsidiary of the holding company of a corporate member or, where the corporate member holds its shares in the Company as a nominee for or on trust whether directly or indirectly for an approved scheme or schemes as defined in section 592(1) of the Taxes Act, any other nominee or trustee(s) whether direct or indirect of the same approved scheme or schemes.
- 9.2 Where a member holds Ordinary Shares as a nominee or trustee that member may transfer those shares to any other nominee or trustee, whether directly or indirectly, holding shares for the same beneficiaries.
- 9.3 Any Ordinary Shareholder being an employee or director of any Company in the Group may transfer his Ordinary Shares to a member of his Family or to a Family Trust PROVIDED THAT in the event that such transferor ceases to be a Director or employee of any company in the Group such transferred shares held by such a member of the transferor's Family or Family Trust shall be subject to the provisions of Article 10 as if they still constituted part of the transferor's holding.
- 9.4 In the event that any person to whom shares are transferred pursuant to this Article 9 ceases to be within the required relationship to the original transferee such shares shall be transferred back to the person who originally transferred them or to any other person falling within the required relationship and if the holder of such shares fails to transfer the shares in those circumstances such holder shall be deemed to have served a Transfer Notice and the provisions of Article 11 shall apply mutatis mutandis provided that the Transfer Price shall be the fair value calculated as referred to in Articles 10.5 and 10.6.
- 9.5 Where any Share is held by any person (the "**Holder**") as trustee, nominee or otherwise on behalf of or at the request or direction of any person (the "**Appointor**") the Holder shall, in addition to being bound by and having the benefit of these Articles as a result of its holding of such Share, be bound by and have the benefit of these Articles as if such Share was held by the Appointor.
- 9.6 Any Ordinary Shareholder may transfer shares in the Company to his Appointor.
- 9.7 Any Shares may be transferred pursuant to acceptance or deemed acceptance of an Offer pursuant to Article 7.9.

10. COMPULSORY TRANSFERS

- 10.1 If any Ordinary Shareholder who is an employee or Director of any company in the Group (the "**Departing Shareholder**") shall for any reason whatsoever cease to be a Director or employee of that company then 14 days after the date of such cessation such Departing Shareholder and any member to whom Ordinary Shares formerly held by such Departing Shareholder have been transferred pursuant to Article 9 or in breach of these Articles or any Holder in respect of which the Departing Shareholder is the Appointor shall give or shall be deemed to have given a Transfer Notice to the Company indicating that he desires to transfer all his Shares. The Transfer Notice shall constitute the Company the agent for the sale of such Shares in accordance with the provisions of Article 11 at the price provided in Article 10.3 or 10.4.
- 10.2 Any Ordinary Shareholder who is employed by any company in the Group shall without limitation be considered to have terminated his employment for the purposes of this Article on the date the Company and/or its subsidiaries cease to hold at least 50 per cent. by nominal value of the ordinary share capital and/or of the voting rights of the group company which employs such member or the member ceases to be an employee of the Company or such group company.
- 10.3 Subject to Article 10.4, if the Departing Shareholder gives or is deemed to have given a Transfer Notice at any time for any of the reasons specified below within the period set out in the first column of the table below, the price ("**Transfer Price**") at which his Shares shall be offered shall be that set out in the second column of the table below:-

Period since Shares Acquired by Departing Shareholder	Price at which Shares to be offered
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Within first year	lower of (a) cost of acquisition by Departing Shareholder ("COA") and (b) fair value
Within second year	lower of (a) aggregate of COA and one third of increase in value and (b) fair value
Within third year	lower of (a) aggregate of COA and two thirds of increase in value and (b) fair value
Thereafter	fair value

The reasons referred to above are the Departing Shareholder ceasing to be an officer or employee of any company in the Group by reason of:-

- (a) the Departing Shareholder's summary dismissal (in circumstances in which his employer is entitled summarily to dismiss him); and
- (b) the Departing Shareholder's repudiatory breach of his contract of employment.

- 10.4 Notwithstanding the provisions of Article 10.3, if the Departing Shareholder gives or is deemed to have given a Transfer Notice at any time for a reason other than any of those referred to in Article 10.3, the price ("**Transfer Price**") at which his Shares shall be offered shall be their fair value.
- 10.5 In determining the fair value of the Shares to be offered pursuant to Article 10.3 or 10.4, the Company may propose to the Departing Shareholders a price which if accepted by the Departing Shareholder shall be deemed to be the fair value. In the absence of agreement fair value shall be determined in accordance with Article 10.6.
- 10.6 Subject to Article 10.5, until such time as the Company publishes its first audited accounts, fair value shall be the value of the Ordinary Shares based on the value of the ordinary shares in the capital of Dunlop Slazenger Group Limited by reference to the audited accounts of Dunlop Slazenger Group Limited for the year ended 31 December 1999. Thereafter, the value of the Ordinary Shares shall be based on their value by reference to the last audited accounts of the Company published before the date when the Departing Shareholder gives his Transfer Notice. In the absence of agreement fair value shall be determined in accordance with Article 10.7.
- 10.7 If a Departing Shareholder does not agree to the fair value under Articles 10.5 and 10.6, the Auditors shall be requested to determine the price at which Shares are to be transferred pursuant to these Articles, and such price shall be the amount, subject to Article 10.8, which the Auditors on the application of the Board (which application shall be made as soon as practicable following the time it becomes apparent that a valuation pursuant to this Article 10 is required), shall certify in writing to be the fair value of the relevant Shares as between a willing buyer and a willing seller.
- 10.8 In arriving at the fair value of the relevant Ordinary Shares comprised in the Transfer Notice, the Auditors shall be instructed to determine the "**Enterprise Value**", which shall mean the price obtainable on a sale of all of the issued shares of the Company of whatever class between a willing buyer and a willing seller on the assumption that there are no provisions for transfer reversion or forfeiture of such Ordinary Shares (on the assumption that the entire issued share capital of the Company is being sold for cash) free of any indebtedness as at the date on which the Transfer Notice is given, or deemed to have been given (or, if earlier, the date on which the Departing Shareholder ceased to be a director or employee of, or otherwise ceased to have his services provided to, any company in the Group) (the "**Relevant Date**") that is outstanding under any credit agreements or other loan facilities as at the Relevant Date. From the Enterprise Value there shall be deducted an amount equal to that which would be required as at the Relevant Date to re-finance all amounts (including all arrears and accruals of interest) outstanding under any credit agreement or other loan facilities to the extent that the terms of such credit agreements or other loan facilities would permit refinancing on the Relevant Date, and to the extent that they do not, deducting the principal amount of the indebtedness outstanding under such credit agreements and other loan facilities as at that date together with all arrears and accruals of interest, fees and other costs, charges and expenses payable thereunder on a refinancing together with such further amount which in the opinion of the Auditors would be required to obtain a waiver of such prohibition.

- 10.9 In so certifying, the Auditors shall act as experts and not as arbitrators and their decision shall be conclusive and binding on the Company and upon all of its shareholders for the purposes of these Articles.
- 10.10 The costs of the Auditors in determining the fair value shall be borne by the Company unless the amount determined by the Auditors is less than that proposed by the Company under Articles 10.5 and 10.6 in which event the costs of the Auditors shall be borne by the Departing Shareholder.
- 10.11 Regulations 29, 30 and 31 of Table A shall be applied subject to the provisions of this Article.

11. **TRANSFER PROCEDURE**

- 11.1 A Transfer Notice once given shall not be withdrawn, save with the consent of the Directors.
- 11.2 The Directors shall forthwith upon receipt or deemed receipt of a Transfer Notice (or as soon thereafter as the Transfer Price is determined), by notice in writing (the "**Offer Notice**") offer to the Ordinary Shareholders in the order of priority set out in Article 11.6 the Sale Shares at the Transfer Price.
- 11.3 The Offer Notice shall invite them to state in writing within twenty-eight days from the date of the Offer Notice whether they are willing to purchase any and, if so, how many of the Sale Shares.
- 11.4 To the extent that such offer is waived, declined or not accepted within 28 days the Directors shall forthwith issue further Offer Notices to the persons ranking next in priority as set out in Article 11.6 and the same time limits and procedures shall apply mutatis mutandis.
- 11.5 Neither the Vendor nor any member of his Family or any of his Family Trusts shall be eligible to purchase any Sale Shares.
- 11.6 Sale Shares shall be offered:-
- (a) firstly, if the Board shall so determine, to employees of any company in the Group or to the Employee Trust (if any) or to any person who has been offered and accepted employment with any company in the Group; and
 - (b) secondly, to all other Ordinary Shareholders.
- 11.7 If any of the persons to whom Sale Shares are offered ("**Applicant**") within the said period of 28 days or any subsequent periods of 28 days applies for all or any of the Sale Shares then:-
- (a) if the total number of shares applied for is equal to or less than the number of the Sale Shares, the Directors shall allocate the number applied for in accordance with the applications PROVIDED that if the Vendor has stipulated in the Transfer Notice that unless all the shares comprised therein are sold none shall be sold, the Vendor

shall not be obliged to sell any of the Sale Shares comprised in the Transfer Notice;
or

- (b) if the total number of shares applied for is more than the number of the Sale Shares, the Directors shall allocate the Sale Shares as between the Applicants pro rata (as nearly as may be in the discretion of the Directors) to their holdings of Ordinary Shares but so that no Applicant shall be allocated more shares than applied for.

11.8 The Directors shall forthwith give notice (the "**Allocation Notice**") of the allocation of Sale Shares in accordance with Article 11.7 to the Vendor and each Applicant and shall specify in the Allocation Notice the number of Sale Shares allocated to each such Applicant and, subject to Article 11.7(a), the place and time (being not later than seven days after the date of the Allocation Notice) at which the Applicant shall be bound to complete the sale of such shares. The Vendor shall be bound, on receipt of payment of the Transfer Price, to transfer the Sale Shares comprised in the Allocation Notice to the Applicant named therein at the time and place therein specified.

11.9 If the Vendor defaults in transferring the Sale Shares:-

- (a) the Chairman for the time being of the Company, or failing him one of the Directors or some other person duly nominated by a resolution of the Board for that purpose, shall be deemed to be the duly appointed attorney of the Vendor with full power to execute, complete and deliver in the name and on behalf of the Vendor a transfer of the relevant Sale Shares to the Applicant;
- (b) the Directors may receive and give a good discharge for the purchase money on behalf of the Vendor and (subject to the transfer being duly stamped) enter the name of the Applicant in the register of members as the holder by transfer of the relevant Sale Shares;
- (c) the Directors shall forthwith pay the purchase money into a separate bank account in the Company's name and if and when the Vendor shall deliver up his certificate or certificates for the relevant Sale Shares to the Company he shall thereupon be paid the purchase money, without interest and less any sums owed to the Company by the Vendor pursuant to these Articles or otherwise;
- (d) if such certificate shall comprise any shares which the Vendor has not become bound to transfer as aforesaid the Company shall issue to him a balance certificate for such shares.

11.10 If the Directors shall not in accordance with the provisions of Article 11.6 find Applicants or if a purchase fails to be completed:-

- (a) the Company shall be entitled to find purchasers (whether or not they are members of the Company) for such unpurchased shares, but
- (b) if the Company declines, fails or is unwilling to do so within 30 days of the expiration of the last of the periods referred to in Article 11.4, the Vendor may, subject to the provisions of Article 8 and the provisions of Article 7.11, at any time

within three calendar months thereafter transfer any Sale Shares not sold to any person or persons at any price not being less than the Transfer Price PROVIDED THAT:-

- (i) if the Vendor has stipulated in the Transfer Notice that unless all the shares comprised therein are sold none shall be sold, the Vendor shall not be entitled, save with the written consent of all the other Ordinary Shareholders, to sell some only of the Sale Shares comprised in the Transfer Notice to such third party, and
- (ii) if the proposed transfer price is lower than the Transfer Price the Vendor shall first offer such shares at such proposed transfer price to the other members and the terms of Article 11.6 shall apply to such offer mutatis mutandis.

- 11.11 Regulation 25 of Table A relating to Directors' refusal to transfer shall be amended by changing "two months" to "30 days". Regulation 26 of Table A relating to suspension of registration of transfers shall be deleted. Regulation 24(a) relating to refusal to transfer shall be amended by deleting the words "or at such other place as the Directors may appoint".

12. MEETINGS OF DIRECTORS

Any Director or a member of the committee of the Board may participate in a meeting of the Board or such committee by means of conference telephone or similar communication equipment whereby all persons participating in the meeting can hear and speak to each other and any Director or a member of a committee participating in a meeting in this manner shall be deemed to be present in person at such meeting.

13. RETIREMENT OF DIRECTORS

The Company shall be subject to Section 293 of the Companies Act 1985 save that the words "age of 65" shall be read for the words "age of 70" in that Section.

14. DISQUALIFICATION

Regulation 81 shall be amended by the addition of the event of a Director becoming incapable by reason of mental disorder, illness or injury of managing and administering his property and affairs and the other Directors resolving that his office be vacated.

15. DECLARATION OF INTEREST

- 15.1 Regulation 94 to Table A shall be amended by adding the following as an exception to the prohibition on a Director voting on matters in which he is interested:-

"(e) his interest arises by virtue of his being a shareholder of the Company".

- 15.2 Regulation 95 of Table A shall be deleted so that a Director shall be counted in the quorum in relation to a resolution on which he is not entitled to vote by reason of the provisions of Regulation 94.

16. **INDEMNITY**

Subject to the provision of the Act, every Director or other officer of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application 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. No Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the proper execution of the duties of his office or in relation thereto but this Article shall only have effect in so far as its provisions are not avoided by section 310 of the Act. The Board shall have power to purchase and maintain for any Director or other officer of the Company insurance against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence default, breach of duty or breach of trust of which he may be guilty in relation to the Company.