

THE COMPANIES ACTS 1985 TO 1989

COMPANY LIMITED BY SHARES

WRITTEN RESOLUTIONS


**OF S1 HOMES LIMITED
(the "Company")**

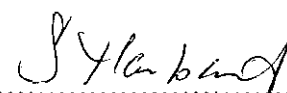
Passed 23 November 2004



We the undersigned, being all of the members for the time being of the Company who at the date hereof could be entitled to attend and vote at a general meeting of the Company, **HEREBY RESOLVE AS FOLLOWS AS A WRITTEN RESOLUTION** in accordance with Section 381A of the Companies Act 1985:

1. THAT the draft new articles of association in the form attached to this resolution be adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association.
2. The Directors of the Company be hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to allot relevant securities (as defined in that section) up to an amount equal to the aggregate nominal amount of the Company's unused ordinary share capital at the time such Resolution is passed for the period expiring on the date immediately prior to the fifth anniversary of the passing of this Resolution PROVIDED that the Company may before such expiry make an offer or agreement which would or might require such shares to be allotted after such expiry and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired.
3. THAT in accordance in Section 95 of the Companies Act 1985, section 89 (1) of that Act shall not apply to the allotment of equities securities pursuant to the general authority given for the purposes of Section 80 of that Act in Resolution 2 above and the Directors may allot, grant auctions over or otherwise dispose of such shares to such persons on such terms and in such manner as they see fit for as long as this Resolution shall have effect.


.....
Paul Harbard


.....
Sandra Harbard

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION

Adopted by Written Resolution passed on 2004
of
S1 Homes Limited
(the "Company")

PRELIMINARY



- 1** The regulations contained in Table A in The Companies (Tables A to F) Regulations 1985 (as amended so as to affect companies first registered on the date of the adoption of these Articles) shall, except as hereinafter provided and so far as not excluded by or inconsistent with the provisions of these Articles, apply to the Company to the exclusion of all other regulations or Articles of Association. References herein to regulations are to regulations in the said Table A unless otherwise stated.

References herein to the Companies Act 1985 (the "**Act**") are to that Act as amended from time to time and references to Shares are to the "A" Shares, "B" Shares and "C" Shares or any of them.

SHARE CAPITAL

- 2** The share capital of the Company at the date of the adoption of these Articles is £1,000 divided into 100 "A" Shares of £1 each, 510 "B" Shares of £1 each and 390 "C" Shares of £1 each. The said shares shall carry the respective voting rights and rights to appoint and remove Directors and be subject to the restrictions on transfer hereinafter provided, but in all other respects shall be identical and rank *pari passu* unless otherwise agreed by the members.

ISSUE AND PURCHASE OF SHARES

- 3** The authorised share capital of the Company shall consist only of "A" Shares of £1 each, "B" Shares of £1 each and "C" Shares of £1 each in the proportions set out in Article 2 above.
- 4** Subject to Section 80 of the Companies Act 1985 and to any other prior written agreement between the members, all unissued shares shall be at the disposal of the Directors and they may allot, grant options over or otherwise dispose of them to such persons, at such times, and on such terms as they think proper and Section 89(1) of the Companies Act 1985 shall not apply. After the first issue of shares made by the Directors, no share of any particular class shall be issued otherwise than to members holding shares of the same class except with the consent in writing of all the members.

- 5 Except with the consent in writing of both of the holder of the "B" Shares immediately following the adoption of these Articles ("**B Investor**") and of the holder of the "C" Shares immediately following the adoption of these Articles ("**C Investor**"), the powers conferred by Regulations 3 and 35 shall be exercised only in such a manner as to maintain the proportions specified in Article 2. Regulations 3 and 35 shall be modified accordingly.

FORM OF SHARE CERTIFICATE

- 6 Every share certificate shall be executed by the Company in such manner as the Directors may decide (which may include use of the seal and/or manual or facsimile signatures by one or more Directors) and shall specify the number and class of shares to which it relates and the amount paid up thereon. No certificate shall be issued representing shares of more than one class.

TRANSFER OF SHARES

- 7 Subject to the provisions of Articles 8 through 12 (Permitted Transfers) no Share (or any interest therein) may be transferred or disposed of and the Directors shall not register the transfer of any Share, unless such transfer or disposal is made in accordance with the prior written agreement, or the prior written consent of the members, otherwise than to the Company under regulation 35 of Table A (as modified by Article 5 above). The Directors shall not register any transfer of any Shares except pursuant to this Article. Any transfer in breach of these Articles shall be void and no Share shall in any circumstances be transferred to an infant, bankrupt or person of unsound mind.

PERMITTED TRANSFERS

- 8 Unless otherwise agreed in writing between all members and provided that it is proved to the reasonable satisfaction of the Directors that any transfer or dealing under this Article bona fide falls within one of the following exceptions, the restrictions on transfer contained in Article 7 shall not apply to any of:
- 8.1 a transfer or dealing approved in writing by each of the members;
 - 8.2 a transfer or dealing by a corporate entity to another Associated Company;
 - 8.3 a transfer or dealing by a corporate entity to a company formed to acquire the whole or a substantial part of its undertaking and assets as part of a bona fide, solvent scheme of amalgamation or reconstruction;
 - 8.4 a transfer or dealing by a member to a nominee of that member or from one nominee to another provided that in each case no change in the beneficial ownership of the Shares has occurred;
 - 8.5 a transfer or dealing by any B Investor to a C Investor, or vice versa;
 - 8.6 a transfer or dealing by any B Investor or C Investor (not being in relation to the shares concerned a holder thereof as a trustee of any Family Trustee) to a Privileged Relation of such individual; or
 - 8.7 a transfer or dealing by any B Investor or C Investor to trustees to be held upon Family Trusts related to such individual and of which he is the settlor provided that no costs

incurred in connection with the setting up or administration of the Family Trust are to be paid by the Company,

- 9 Where a transfer has occurred pursuant to Articles 8.2 or 8.4 and if the transferee company or nominee ceases to be ultimately controlled (within the meaning in section 840 of the Income and Corporation Taxes Act 1988) by the transferor or ceases to be beneficially owned by the transferor, the transferee company or nominee shall be obliged to immediately re-transfer such Shares to the transferor company.
- 10 If and whenever any of the relevant Shares come to be held otherwise than upon Family Trusts, it shall be the duty of the trustees holding such shares to notify the Company in writing that such event has occurred and the trustees shall be bound, if and when required in writing by the Company so to do, immediately to re-transfer such shares to the original transferor B Investor or C Investor (as the case maybe).
- 11 If a person to whom shares have been transferred pursuant to Article 8.6 shall cease to be a Privileged Relation such person shall be bound, if and when required in writing by the Company so to do, immediately to re-transfer such shares to the original transferor B Investor or C Investor (as the case may be).
- 12 For the purposes of Articles 8 through 12, the following expressions have the following meanings:

"Associated Company" means in relation to any member, any holding company, subsidiary, subsidiary undertaking or fellow subsidiary or subsidiary undertaking of any such holding company all as defined in the Act;

"Family Trust" means as regard to any particular individual member or deceased or former individual member, trusts (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the Shares in question is for the time being vested in any person other than that individual and/or Privileged Relations of that individual; and so that for this purpose a person shall be considered to be beneficially interested in a Share if such Share or the income thereof is or may become liable to transferred or paid or applied or appointed to or for the benefit of such person or any voting or other rights attaching thereto are or may become liable to be exercisable by or as directed by such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person(s).

"Privileged Relation" means in relation to an individual member or deceased or former individual member, the husband or wife or the widower or widow of such member and all the lineal descendants and ascendants in direct line of such member and the brothers and sisters of such member and their lineal descendants and a husband or wife or widower or widow or any of the above persons and for the purposes of aforesaid a step-child or adopted child or a legitimate child of any person shall be deemed to be his or her lineal descendant.

PROCEEDINGS AT GENERAL MEETINGS

- 13 Save as herein otherwise provided, the quorum at any General Meeting shall be any two members present in person or by proxy. Regulation 40 shall be modified accordingly.

- 14** If at any adjourned meeting such a quorum is not present within five minutes from the time appointed for the adjourned meeting (or such longer interval as the chairman of the meeting may think fit to allow) the meeting shall be dissolved except that if a meeting to consider a resolution or resolutions for the winding up of the Company and the appointment of a Liquidator be adjourned for want of a quorum and if at such adjourned meeting such a quorum is not present within five minutes from the time appointed for the adjourned meeting, any one or more members present in person or by proxy shall constitute a quorum for the purposes of considering and if thought fit passing such resolution or resolutions but no other business may be transacted. Regulation 41 shall be modified accordingly.
- 15** The chairman at any General Meeting shall not be entitled to a second or casting vote. Regulation 50 shall not apply.
- 16** In the case of a corporation, a resolution in writing may be signed on its behalf by any of its Director or its Secretary or by its duly appointed attorney or duly authorised representative. Regulation 53 shall be extended accordingly. Regulation 53 (as extended) shall apply *mutatis mutandis* to resolutions in writing of any class of members of the Company.

VOTES OF MEMBERS

- 17** On a show of hands every member who is present in person shall have one vote, and on a poll every member who is present in person or by proxy shall have one vote; provided that no shares of a particular class shall confer any right to vote upon a resolution for the removal from office of a Director appointed or deemed to have been appointed by holders of shares of another class. Regulation 54 shall not apply.
- 18** An instrument appointing a proxy (and, where it is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof) must either be delivered at such place or one of such places (if any) as may be specified for that purpose in or by way of note to the notice convening the meeting (or, if no place is so specified, at the registered office) at least one hour before the time appointed for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used or be delivered to the Secretary (or the chairman of the meeting) on the day and at the place of, but in any event before the time appointed for holding, the meeting or adjourned meeting or poll. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates. An instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates. Regulation 62 shall not apply.

CORPORATION ACTING BY REPRESENTATIVES

- 19** Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any shareholders' meeting. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

NUMBER OF DIRECTORS

- 20** The maximum number of Directors shall be eight and the minimum number of Directors shall be one. The first Directors shall consist of two persons who shall be designated as "B" Directors (and shall be deemed to have been appointed under Article 24 by the holder of the "B" Shares) and one person who shall be designated as the "C" Director (and shall be deemed to have been appointed under Article 24 by the holder of the "C" Shares). Regulation 64 shall not apply.

SHARE QUALIFICATION

- 21** A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at shareholders' meetings and at any separate meeting of the holder of any class of shares in the Company the holders of which appointed him as Director. Regulation 44 shall be amended accordingly.

DIRECTORS' REMUNERATION

- 22** Any Director who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the Directors may determine. Regulation 82 shall be extended accordingly.

APPOINTMENT AND REMOVAL OF DIRECTORS

- 23** Save as otherwise agreed between the B Investor and the C Investor, the B Investor may from time to time appoint two persons to be Directors and these Directors and any alternates shall be called "B" Directors. The C Investor may from time to time appoint one person to be a Director and this Director and any alternate shall be called the "C" Director. For the avoidance of doubt, a holder of "A" Shares shall have no right to appoint a Director. Regulations 73 to 80 shall not apply. The Directors shall not be subject to retirement by rotation, and any Chairman nominated by any Shareholder under any written agreement shall not have a second or casting vote.
- 24** The office of a Director shall be vacated in any of the events specified in Regulation 81 occur and also if he shall in writing resign or if he shall be removed from office by the holder of the whole or greater proportion of the relevant class of shares which appointed or is deemed to have appointed him but so that if he holds an appointment to an executive office which thereby automatically determines such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.
- 25** Any such appointment or removal by the holder(s) of the relevant class of shares shall be in writing served on the Company and signed by the persons appointing or removing the Director. In the case of a corporation such document may be signed on its behalf by any of its Director or its Secretary or by its duly appointed attorney or duly authorised representative.

- 26 No director shall be appointed otherwise than as provided in these Articles or by prior written agreement between the B Investor and the C Investor. Regulation 90 shall be modified accordingly.

PROCEEDINGS OF DIRECTORS

- 27 Unless otherwise agreed in writing between the B Investor and the C Investor, proceedings of the Directors shall be regulated as set out in the following Articles.
- 28 Board meetings shall be held in meetings or by telephone at least once a year.
- 29 Notice of a meeting of Directors must be given to any director for the time being absent from the United Kingdom. Regulation 88 shall be amended accordingly.
- 30 Unless otherwise agreed in writing between the B Investor and the C Investor, the quorum at a meeting of Directors shall be one "B" Director and a "C" Director present at the time when the relevant business is transacted, provided that if a quorum is not present within half an hour of the time appointed for the holding of any meeting of the Directors or ceases to be present, the Director(s) present shall resolve to adjourn that meeting to a specified place and time three business days after the date originally fixed for the meeting. Notice of the adjourned meeting shall be given by the secretary of the company. An alternate Director shall be counted in the quorum in the same capacity as the absent Director of whom he is the alternate but so that not less than individuals representing two holders of Shares will constitute the quorum. Regulation 89 shall not apply.
- 31 Unless otherwise agreed in writing between the B Investor and the C Investor, the B Investor shall nominate the Chairman of the Board from the pool of "B" Directors.
- 32 Unless otherwise agreed in writing by a "B" Director and a "C" Director or if there are exceptional circumstances, at least 5 business days' written notice shall be given to each Director of every meeting of the Directors.
- 33 Each such notice shall (i) be sent to the address notified from time to time by each Director to the Secretary as his address for the service of such notices (of if no address has been so supplied, to his last known address); (ii) contain an agenda specifying in reasonable detail the matters to be discussed at the relevant meeting; (iii) be accompanied by any relevant papers for discussion at such meeting; and (iv) if sent to an address outside the United Kingdom, be sent by courier or facsimile transmission.
- 34 At any meeting of the Directors or of any committee of the Directors every "B" Director and every "C" Director shall have one vote.
- 35 All business arising at any meeting of the Directors or of any committee of the Directors shall be determined only by resolution and no such resolution shall be effective unless approved by a majority of the Directors entitled to vote. Regulation 88 shall be modified accordingly.
- 36 The Directors, and any committee of the Directors, shall be deemed to meet together if, being in separate locations, they are nonetheless linked by conference telephone or other communication equipment which allows those participating to hear and speak to each other, and a quorum in that event shall be one "B" Director and one "C" Director so linked. Such a meeting shall be 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.

- 37** Unless otherwise agreed in writing between the B Investor and the C Investor, a committee of the Directors shall include at least two Directors and the quorum for a meeting of any such committee shall be at least two Directors of whom one shall be a "B" Director and one shall be a "C" Director. The Directors may delegate any of their powers or discretions (including without prejudice to the generality of the foregoing all powers and discretions whose exercise involves or may involve the payment of remuneration to or the conferring of any other benefit on all or any of the Directors) to committees consisting of one or more Directors and (if thought fit) one or more other named persons or persons to be co-opted as hereinafter provided. Insofar as any such power or discretion is delegated to a committee, any reference in these Articles to the exercise by the Directors of the power or discretion so delegated shall be read and construed as if it were a reference to the exercise thereof by such committee. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations which may from time to time be imposed by the Directors. Any such regulations may provide for or authorise the co-option to the committee of persons other than Directors and may provide for members who are not Directors to have voting rights as members of the committee but so that the number of members who are not Directors shall be less than one-half of the total number of members of the committee. Regulation 72 shall be modified accordingly.
- 38** On any matter in which a Director is in any way interested he may nevertheless vote and be taken into account for the purposes of a quorum and (save as otherwise agreed between the B Investor and the C Investor) may retain for his own absolute use and benefit all profits and advantages directly or indirectly accruing to him thereunder or in consequence thereof save that no Director may vote on a matter if that matter relates to the litigation, negotiation or settlement of a claim arising out of any contract or arrangement which involves such Director. Regulations 94 to 98 shall be modified accordingly.
- 39** In the case of a Director being disenfranchised from voting at any such meeting in accordance with Article 38 above, such Director's attendance shall not be required for a meeting to be quorate in relation to such matter.

ALTERNATE DIRECTORS

- 40** The B Investor may at any time appoint any person (including another Director) to be the alternate Director of any "B" Director provided that at least one of the "C" Directors consents to such appointment (such consent not to be unreasonably withheld or delayed) and the B Investor may at any time terminate such appointment. The holder of the whole or greater proportion of the "C" shares may at any time appoint any person (including another Director) to be the alternate Director of any "C" Director provided that at least one of the "B" Directors consents to such appointment (such consent not to be unreasonably withheld or delayed) and the C Investor may at any time terminate such appointment. Any such appointment or termination of appointment shall be effected in like manner as provided in Article 26. The same person may be appointed as the alternate Director of more than one Director. Regulations 65 to 68 shall not apply.
- 41** The appointment of an alternate Director shall determine on the happening of any event which if he were a Director would cause him to vacate such office or if the Director of whom he is the alternate ceases to be a Director.
- 42** An alternate Director shall be entitled to receive notices of meetings of the Directors and of any committee of the Directors of which the Director of whom he is the alternate is a

member and shall be entitled to attend and vote as a Director and be counted in the quorum at any such meeting at which the Director of whom he is the alternate is not personally present and generally at such meeting to perform all functions of the Director of whom he is the alternate and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a Director of the relevant class. If he shall himself be a Director or shall attend any such meeting as an alternate for more than one Director his voting rights shall be cumulative. An alternate Director shall not (save as aforesaid) have power to act as a Director, nor shall he be deemed to be a Director for the purposes of these Articles, and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director of whom he is the alternate. Regulation 69 shall not apply.

- 43** An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to the Director of whom he is the alternate as such Director may by notice in writing to the Company from time to time direct.

CAPITALISATION OF PROFITS AND RESERVES

- 44** The Directors may, with the sanction of a Special Resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts (including Share Premium Account and Capital Redemption Reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the holders of "A" Shares, "B" Shares and "C" Shares in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and:
- 44.1** on behalf of the holders of "A" Shares applying that part of such sum distributable amongst them in paying up in full unissued "A" Shares for allotment and distribution credited as fully paid up to and amongst them; and
- 44.2** on behalf of the holders of "B" Shares applying that part of such sum distributable amongst them in paying up in full unissued "B" Shares for allotment and distribution credited as fully paid up to and amongst them.
- 44.3** on behalf of the holders of "C" Shares applying that part of such sum distributable amongst them in paying up in full unissued "C" Shares for allotment and distribution credited as fully paid up to and amongst them.
- 45** The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for the case of shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned. Regulation 110 shall not apply.

INDEMNITY

- 46** Subject to the provisions of and so far as may be permitted by law, every Director, Secretary or other officer of the Company shall be indemnified by the Company out of its own funds against and/or exempted by the Company from all costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgement is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court. Regulation 118 shall not apply.
- 47** Without prejudice to the provisions of Regulation 87 or Article 47, the Directors shall have the power to purchase and maintain insurance for or for the benefit of any person who is or was at any time a Director or officer of any Relevant Company (as defined in Article 47 below), or who is or was at any time a trustee of any pension fund or employees' share scheme in which employees of any Relevant Company are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by him in respect of any act or omission in the actual or purported execution and/or discharge of his duties and/or in the exercise or purported exercise of his powers and/or otherwise in relation to his duties, powers or offices in relation to any Relevant Company, or any such pension fund or employees' share scheme.
- 48** For the purpose of Article 48 above, "Relevant Company" shall mean the Company and its subsidiaries and subsidiary undertakings from time to time.

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION

Adopted by Written Resolution passed on 2004
of
S1 Homes Limited
(the "Company")

PRELIMINARY

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- 3** The authorised share capital of the Company shall consist only of "A" Shares of £1 each, "B" Shares of £1 each and "C" Shares of £1 each in the proportions set out in Article 2 above.
- 4** Subject to Section 80 of the Companies Act 1985 and to any other prior written agreement between the members, all unissued shares shall be at the disposal of the Directors and they may allot, grant options over or otherwise dispose of them to such persons, at such times, and on such terms as they think proper and Section 89(1) of the Companies Act 1985 shall not apply. After the first issue of shares made by the Directors, no share of any particular class shall be issued otherwise than to members holding shares of the same class except with the consent in writing of all the members.

- 5 Except with the consent in writing of both of the holder of the "B" Shares immediately following the adoption of these Articles ("**B Investor**") and of the holder of the "C" Shares immediately following the adoption of these Articles ("**C Investor**"), the powers conferred by Regulations 3 and 35 shall be exercised only in such a manner as to maintain the proportions specified in Article 2. Regulations 3 and 35 shall be modified accordingly.

FORM OF SHARE CERTIFICATE

- 6 Every share certificate shall be executed by the Company in such manner as the Directors may decide (which may include use of the seal and/or manual or facsimile signatures by one or more Directors) and shall specify the number and class of shares to which it relates and the amount paid up thereon. No certificate shall be issued representing shares of more than one class.

TRANSFER OF SHARES

- 7 Subject to the provisions of Articles 8 through 12 (Permitted Transfers) no Share (or any interest therein) may be transferred or disposed of and the Directors shall not register the transfer of any Share, unless such transfer or disposal is made in accordance with the prior written agreement, or the prior written consent of the members, otherwise than to the Company under regulation 35 of Table A (as modified by Article 5 above). The Directors shall not register any transfer of any Shares except pursuant to this Article. Any transfer in breach of these Articles shall be void and no Share shall in any circumstances be transferred to an infant, bankrupt or person of unsound mind.

PERMITTED TRANSFERS

- 8 Unless otherwise agreed in writing between all members and provided that it is proved to the reasonable satisfaction of the Directors that any transfer or dealing under this Article bona fide falls within one of the following exceptions, the restrictions on transfer contained in Article 7 shall not apply to any of:
- 8.1 a transfer or dealing approved in writing by each of the members;
 - 8.2 a transfer or dealing by a corporate entity to another Associated Company;
 - 8.3 a transfer or dealing by a corporate entity to a company formed to acquire the whole or a substantial part of its undertaking and assets as part of a bona fide, solvent scheme of amalgamation or reconstruction;
 - 8.4 a transfer or dealing by a member to a nominee of that member or from one nominee to another provided that in each case no change in the beneficial ownership of the Shares has occurred;
 - 8.5 a transfer or dealing by any B Investor to a C Investor, or vice versa;
 - 8.6 a transfer or dealing by any B Investor or C Investor (not being in relation to the shares concerned a holder thereof as a trustee of any Family Trustee) to a Privileged Relation of such individual; or
 - 8.7 a transfer or dealing by any B Investor or C Investor to trustees to be held upon Family Trusts related to such individual and of which he is the settlor provided that no costs

incurred in connection with the setting up or administration of the Family Trust are to be paid by the Company,

- 9 Where a transfer has occurred pursuant to Articles 8.2 or 8.4 and if the transferee company or nominee ceases to be ultimately controlled (within the meaning in section 840 of the Income and Corporation Taxes Act 1988) by the transferor or ceases to be beneficially owned by the transferor, the transferee company or nominee shall be obliged to immediately re-transfer such Shares to the transferor company.
- 10 If and whenever any of the relevant Shares come to be held otherwise than upon Family Trusts, it shall be the duty of the trustees holding such shares to notify the Company in writing that such event has occurred and the trustees shall be bound, if any when required in writing by the Company so to do, immediately to re-transfer such shares to the original transferor B Investor or C Investor (as the case maybe).
- 11 If a person to whom shares have been transferred pursuant to Article 8.6 shall cease to be a Privileged Relation such person shall be bound, if and when required in writing by the Company so to do, immediately to re-transfer such shares to the original transferor B Investor or C Investor (as the case may be).
- 12 For the purposes of Articles 8 through 12, the following expressions have the following meanings:

"Associated Company" means in relation to any member, any holding company, subsidiary, subsidiary undertaking or fellow subsidiary or subsidiary undertaking of any such holding company all as defined in the Act;

"Family Trust" means as regard to any particular individual member or deceased or former individual member, trusts (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the Shares in question is for the time being vested in any person other than that individual and/or Privileged Relations of that individual; and so that for this purpose a person shall be considered to be beneficially interested in a Share if such Share or the income thereof is or may become liable to transferred or paid or applied or appointed to or for the benefit of such person or any voting or other rights attaching thereto are or may become liable to be exercisable by or as directed by such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person(s).

"Privileged Relation" means in relation to an individual member or deceased or former individual member, the husband or wife or the widower or widow of such member and all the lineal descendants and ascendants in direct line of such member and the brothers and sisters of such member and their lineal descendants and a husband or wife or widower or widow or any of the above persons and for the purposes of aforesaid a step-child or adopted child or a legitimate child of any person shall be deemed to be his or her lineal descendant.

PROCEEDINGS AT GENERAL MEETINGS

- 13 Save as herein otherwise provided, the quorum at any General Meeting shall be any two members present in person or by proxy. Regulation 40 shall be modified accordingly.

- 14 If at any adjourned meeting such a quorum is not present within five minutes from the time appointed for the adjourned meeting (or such longer interval as the chairman of the meeting may think fit to allow) the meeting shall be dissolved except that if a meeting to consider a resolution or resolutions for the winding up of the Company and the appointment of a Liquidator be adjourned for want of a quorum and if at such adjourned meeting such a quorum is not present within five minutes from the time appointed for the adjourned meeting, any one or more members present in person or by proxy shall constitute a quorum for the purposes of considering and if thought fit passing such resolution or resolutions but no other business may be transacted. Regulation 41 shall be modified accordingly.
- 15 The chairman at any General Meeting shall not be entitled to a second or casting vote. Regulation 50 shall not apply.
- 16 In the case of a corporation, a resolution in writing may be signed on its behalf by any of its Director or its Secretary or by its duly appointed attorney or duly authorised representative. Regulation 53 shall be extended accordingly. Regulation 53 (as extended) shall apply *mutatis mutandis* to resolutions in writing of any class of members of the Company.

VOTES OF MEMBERS

- 17 On a show of hands every member who is present in person shall have one vote, and on a poll every member who is present in person or by proxy shall have one vote; provided that no shares of a particular class shall confer any right to vote upon a resolution for the removal from office of a Director appointed or deemed to have been appointed by holders of shares of another class. Regulation 54 shall not apply.
- 18 An instrument appointing a proxy (and, where it is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof) must either be delivered at such place or one of such places (if any) as may be specified for that purpose in or by way of note to the notice convening the meeting (or, if no place is so specified, at the registered office) at least one hour before the time appointed for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used or be delivered to the Secretary (or the chairman of the meeting) on the day and at the place of, but in any event before the time appointed for holding, the meeting or adjourned meeting or poll. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates. An instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates. Regulation 62 shall not apply.

CORPORATION ACTING BY REPRESENTATIVES

- 19 Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any shareholders' meeting. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

NUMBER OF DIRECTORS

- 20** The maximum number of Directors shall be eight and the minimum number of Directors shall be one. The first Directors shall consist of two persons who shall be designated as "B" Directors (and shall be deemed to have been appointed under Article 24 by the holder of the "B" Shares) and one person who shall be designated as the "C" Director (and shall be deemed to have been appointed under Article 24 by the holder of the "C" Shares). Regulation 64 shall not apply.

SHARE QUALIFICATION

- 21** A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at shareholders' meetings and at any separate meeting of the holder of any class of shares in the Company the holders of which appointed him as Director. Regulation 44 shall be amended accordingly.

DIRECTORS' REMUNERATION

- 22** Any Director who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the Directors may determine. Regulation 82 shall be extended accordingly.

APPOINTMENT AND REMOVAL OF DIRECTORS

- 23** Save as otherwise agreed between the B Investor and the C Investor, the B Investor may from time to time appoint two persons to be Directors and these Directors and any alternates shall be called "B" Directors. The C Investor may from time to time appoint one person to be a Director and this Director and any alternate shall be called the "C" Director. For the avoidance of doubt, a holder of "A" Shares shall have no right to appoint a Director. Regulations 73 to 80 shall not apply. The Directors shall not be subject to retirement by rotation, and any Chairman nominated by any Shareholder under any written agreement shall not have a second or casting vote.
- 24** The office of a Director shall be vacated in any of the events specified in Regulation 81 occur and also if he shall in writing resign or if he shall be removed from office by the holder of the whole or greater proportion of the relevant class of shares which appointed or is deemed to have appointed him but so that if he holds an appointment to an executive office which thereby automatically determines such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.
- 25** Any such appointment or removal by the holder(s) of the relevant class of shares shall be in writing served on the Company and signed by the persons appointing or removing the Director. In the case of a corporation such document may be signed on its behalf by any of its Director or its Secretary or by its duly appointed attorney or duly authorised representative.

- 26** No director shall be appointed otherwise than as provided in these Articles or by prior written agreement between the B Investor and the C Investor. Regulation 90 shall be modified accordingly.

PROCEEDINGS OF DIRECTORS

- 27** Unless otherwise agreed in writing between the B Investor and the C Investor, proceedings of the Directors shall be regulated as set out in the following Articles.
- 28** Board meetings shall be held in meetings or by telephone at least once a year.
- 29** Notice of a meeting of Directors must be given to any director for the time being absent from the United Kingdom. Regulation 88 shall be amended accordingly.
- 30** Unless otherwise agreed in writing between the B Investor and the C Investor, the quorum at a meeting of Directors shall be one "B" Director and a "C" Director present at the time when the relevant business is transacted, provided that if a quorum is not present within half an hour of the time appointed for the holding of any meeting of the Directors or ceases to be present, the Director(s) present shall resolve to adjourn that meeting to a specified place and time three business days after the date originally fixed for the meeting. Notice of the adjourned meeting shall be given by the secretary of the company. An alternate Director shall be counted in the quorum in the same capacity as the absent Director of whom he is the alternate but so that not less than individuals representing two holders of Shares will constitute the quorum. Regulation 89 shall not apply.
- 31** Unless otherwise agreed in writing between the B Investor and the C Investor, the B Investor shall nominate the Chairman of the Board from the pool of "B" Directors.
- 32** Unless otherwise agreed in writing by a "B" Director and a "C" Director or if there are exceptional circumstances, at least 5 business days' written notice shall be given to each Director of every meeting of the Directors.
- 33** Each such notice shall (i) be sent to the address notified from time to time by each Director to the Secretary as his address for the service of such notices (of if no address has been so supplied, to his last known address); (ii) contain an agenda specifying in reasonable detail the matters to be discussed at the relevant meeting; (iii) be accompanied by any relevant papers for discussion at such meeting; and (iv) if sent to an address outside the United Kingdom, be sent by courier or facsimile transmission.
- 34** At any meeting of the Directors or of any committee of the Directors every "B" Director and every "C" Director shall have one vote.
- 35** All business arising at any meeting of the Directors or of any committee of the Directors shall be determined only by resolution and no such resolution shall be effective unless approved by a majority of the Directors entitled to vote. Regulation 88 shall be modified accordingly.
- 36** The Directors, and any committee of the Directors, shall be deemed to meet together if, being in separate locations, they are nonetheless linked by conference telephone or other communication equipment which allows those participating to hear and speak to each other, and a quorum in that event shall be one "B" Director and one "C" Director so linked. Such a meeting shall be 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.

- 37** Unless otherwise agreed in writing between the B Investor and the C Investor, a committee of the Directors shall include at least two Directors and the quorum for a meeting of any such committee shall be at least two Directors of whom one shall be a "B" Director and one shall be a "C" Director. The Directors may delegate any of their powers or discretions (including without prejudice to the generality of the foregoing all powers and discretions whose exercise involves or may involve the payment of remuneration to or the conferring of any other benefit on all or any of the Directors) to committees consisting of one or more Directors and (if thought fit) one or more other named persons or persons to be co-opted as hereinafter provided. Insofar as any such power or discretion is delegated to a committee, any reference in these Articles to the exercise by the Directors of the power or discretion so delegated shall be read and construed as if it were a reference to the exercise thereof by such committee. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations which may from time to time be imposed by the Directors. Any such regulations may provide for or authorise the co-option to the committee of persons other than Directors and may provide for members who are not Directors to have voting rights as members of the committee but so that the number of members who are not Directors shall be less than one-half of the total number of members of the committee. Regulation 72 shall be modified accordingly.
- 38** On any matter in which a Director is in any way interested he may nevertheless vote and be taken into account for the purposes of a quorum and (save as otherwise agreed between the B Investor and the C Investor) may retain for his own absolute use and benefit all profits and advantages directly or indirectly accruing to him thereunder or in consequence thereof save that no Director may vote on a matter if that matter relates to the litigation, negotiation or settlement of a claim arising out of any contract or arrangement which involves such Director. Regulations 94 to 98 shall be modified accordingly.
- 39** In the case of a Director being disenfranchised from voting at any such meeting in accordance with Article 38 above, such Director's attendance shall not be required for a meeting to be quorate in relation to such matter.

ALTERNATE DIRECTORS

- 40** The B Investor may at any time appoint any person (including another Director) to be the alternate Director of any "B" Director provided that at least one of the "C" Directors consents to such appointment (such consent not to be unreasonably withheld or delayed) and the B Investor may at any time terminate such appointment. The holder of the whole or greater proportion of the "C" shares may at any time appoint any person (including another Director) to be the alternate Director of any "C" Director provided that at least one of the "B" Directors consents to such appointment (such consent not to be unreasonably withheld or delayed) and the C Investor may at any time terminate such appointment. Any such appointment or termination of appointment shall be effected in like manner as provided in Article 26. The same person may be appointed as the alternate Director of more than one Director. Regulations 65 to 68 shall not apply.
- 41** The appointment of an alternate Director shall determine on the happening of any event which if he were a Director would cause him to vacate such office or if the Director of whom he is the alternate ceases to be a Director.
- 42** An alternate Director shall be entitled to receive notices of meetings of the Directors and of any committee of the Directors of which the Director of whom he is the alternate is a

member and shall be entitled to attend and vote as a Director and be counted in the quorum at any such meeting at which the Director of whom he is the alternate is not personally present and generally at such meeting to perform all functions of the Director of whom he is the alternate and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a Director of the relevant class. If he shall himself be a Director or shall attend any such meeting as an alternate for more than one Director his voting rights shall be cumulative. An alternate Director shall not (save as aforesaid) have power to act as a Director, nor shall he be deemed to be a Director for the purposes of these Articles, and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director of whom he is the alternate. Regulation 69 shall not apply.

- 43** An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to the Director of whom he is the alternate as such Director may by notice in writing to the Company from time to time direct.

CAPITALISATION OF PROFITS AND RESERVES

- 44** The Directors may, with the sanction of a Special Resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts (including Share Premium Account and Capital Redemption Reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the holders of "A" Shares, "B" Shares and "C" Shares in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and:
- 44.1** on behalf of the holders of "A" Shares applying that part of such sum distributable amongst them in paying up in full unissued "A" Shares for allotment and distribution credited as fully paid up to and amongst them; and
- 44.2** on behalf of the holders of "B" Shares applying that part of such sum distributable amongst them in paying up in full unissued "B" Shares for allotment and distribution credited as fully paid up to and amongst them.
- 44.3** on behalf of the holders of "C" Shares applying that part of such sum distributable amongst them in paying up in full unissued "C" Shares for allotment and distribution credited as fully paid up to and amongst them.
- 45** The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for the case of shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned. Regulation 110 shall not apply.

INDEMNITY

- 46** Subject to the provisions of and so far as may be permitted by law, every Director, Secretary or other officer of the Company shall be indemnified by the Company out of its own funds against and/or exempted by the Company from all costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgement is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court. Regulation 118 shall not apply.
- 47** Without prejudice to the provisions of Regulation 87 or Article 47, the Directors shall have the power to purchase and maintain insurance for or for the benefit of any person who is or was at any time a Director or officer of any Relevant Company (as defined in Article 47 below), or who is or was at any time a trustee of any pension fund or employees' share scheme in which employees of any Relevant Company are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by him in respect of any act or omission in the actual or purported execution and/or discharge of his duties and/or in the exercise or purported exercise of his powers and/or otherwise in relation to his duties, powers or offices in relation to any Relevant Company, or any such pension fund or employees' share scheme.
- 48** For the purpose of Article 48 above, "Relevant Company" shall mean the Company and its subsidiaries and subsidiary undertakings from time to time.