

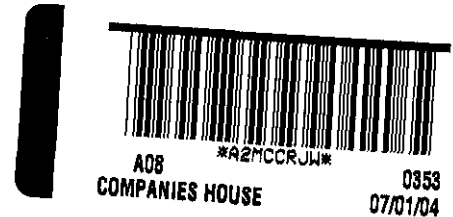
THE COMPANIES ACT 1985
(as amended by the Companies Act 1989)

COMPANY LIMITED BY SHARES

WRITTEN RESOLUTION

OF

HALLINGWARE LIMITED ("the Company")



(Passed on 20 December 2003)


In accordance with section 381A Companies Act 1985 the following Written Resolutions were agreed to and were duly passed on 20 December 2003, Resolutions Numbered (1), (2) and (3) which would otherwise be required to be passed as Ordinary Resolutions and Resolutions Numbered (4) and (5) which would otherwise be required to be passed as Special Resolutions:

- 1 THAT the authorised share capital of the Company be increased from £1,000 to £100,000 by the creation of 99,000 additional ordinary shares of £1.00 each to rank in all respects pari passu with the existing shares already in issue.
- 2 THAT the 50,000 unissued ordinary shares of £1.00 each in the capital of the Company referred to in resolution 1 above be and are hereby re-designated as 50,000 Preferred Ordinary Shares of £1 each in the capital of the Company, each having attached thereto the rights specified in the Articles of Association of the Company adopted pursuant to resolution 5 below.
- 3 THAT in substitution for any existing authority, the directors of the Company be, and are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot and make offers or agreements to allot the 50,000 Preferred Ordinary Shares of £49,997 each referred to in resolution 2 above for a period of 5 years from the date of passing of this resolution (and to make an offer or agreement that would or might require allotment of such securities after the expiry of such period).

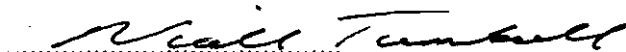
- 4 By virtue of Section 95(1) Companies Act 1985, Section 89(1) Companies Act 1985 shall not apply to the allotment of shares pursuant to the authority conferred by resolution 3 above.
- 5 THAT the regulations contained in the printed document attached to this Written Resolution marked "A" be and the same are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles of Association thereof.



Christopher ~~Turnbull~~ THOMAS ^{ETI}



Andrew Kitchen



Niall Turnbull

Company No. 4948228

THE COMPANIES ACTS 1985 AND 1989

ARTICLES OF ASSOCIATION

OF

HALLINGWARE LIMITED

Incorporated on 30 October 2003

Adopted by special resolution
passed on 20th December 2003

Wragge & Co

Wragge & Co LLP is a Limited Liability Partnership

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THE COMPANIES ACTS 1985 AND 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

HALLINGWARE LIMITED

1 Definitions and Interpretation

1.1 In these Articles unless the context otherwise requires:

- | | |
|----------------------------|---|
| “the Acquisition” | means the acquisition by the Company of the entire issued share capital of the Target Company; |
| “acting in concert” | has the meaning given to that expression in the City Code on Takeovers and Mergers; |
| “the Auditors” | means the auditors from time to time of the Company; |
| “Bad Leaver” | has the meaning set out in Article 13.8; |
| “the Bank” | means the Royal Bank of Scotland plc (company number SC90312) and its successors, permitted assigns and transferees; |
| “Board” | means the board of directors from time to time of the Company; |
| “Borrowings” | means borrowings of all kinds, including (save to the extent that they are otherwise taken into account) the following:

(a) the principal amount (together with any premium payable on redemption) owing by any Group Company under any loan, debenture, debenture stock, bond or other security |

howsoever issued, including the Financial Facilities and the Investor Notes;

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

“CA 1985”

means the Companies Act 1985;

“Change in Control”

has the meaning set out in section 840 ICTA;

“the Chairman”	means the chairman of the Board from time to time appointed in accordance with Article 19.5;
“Disposal”	means other than pursuant to an intra-group reorganisation, the sale or other disposal (whether by one transaction or a series of related transactions) of the whole or substantially the whole of the assets or undertaking of the Company or any Group Company to which such assets or undertaking have previously been transferred which is not by way of a Sale;
“Employee Trust”	means a trust approved by an Investor Director whose beneficiaries are bona fide employees of any Group Company;
“Equity Shareholders”	means the holders of the Equity Shares;
“Equity Shares”	means Ordinary Shares and Preferred Ordinary Shares;
“equity share capital”	has the meaning set out in section 744 CA 1985;
“Exit”	<p>(a) the acquisition of shares in the equity share capital of the Company by a person or persons other than any of the Investors which results in a Change in Control of the Company; or</p> <p>(b) a Disposal; or</p> <p>(c) a Sale; or</p> <p>(d) a Listing; or</p> <p>(e) the making of an order or passing of a resolution for the winding up of the Company for any purpose whatsoever;</p>
“the Financial Facilities”	means the overdraft, working capital and term loan facilities provided to the Company by the Bank for the benefit of the Group of even date with the adoption of these Articles including any agreements relating or supplemental such facilities;
“Good Leaver”	has the meaning set out in Article 13.8;
“Group”	means the Target Company and any subsidiary or holding company of the Target Company and any subsidiary of any such holding company from time to time including, unless the context otherwise

	requires, the Company;
"Group Borrowings"	means the aggregate amount for the time being outstanding of all Borrowings incurred by the Group (excluding amounts borrowed from one Group Company by another Group Company);
"Group Company"	means each and any body corporate in the Group;
"holding company"	means a holding company as defined by sections 736 and 736A CA 1985;
"ICTA"	means the Income and Corporation Taxes Act 1988;
"Index of Retail Prices"	means the index of retail prices as published by the Office for National Statistics or if the same shall cease to be published the nearest equivalent record or index of increases in retail prices published from time to time;
"Index Linked"	means in relation to any amount (whether or not previously adjusted) such amount as increased annually on 31 December in each year, commencing on 31 December 2004 by a percentage equal to the percentage increase in the Index of Retail Prices;
"Insolvency Event"	<p>means in relation to a member which is a body corporate:</p> <ul style="list-style-type: none"> (a) such member having a receiver, manager or administrative receiver appointed over all or any part of its undertaking or assets; (b) such member having an administrator appointed in relation to it; (c) such member entering into liquidation (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction); or (d) an order being made or a resolution being passed for the winding up of such member or any subsidiary or holding company of such member, <p>and in relation to a member which is an individual, such member being declared bankrupt pursuant to the Insolvency Act 1986;</p>

"Investment Agreement"	means the agreement of even date with the adoption of these Articles between the Company (1) Christopher Thomas and others (2) LDC (3) and the Partnership (4) (all as defined therein) together with any agreements entered into pursuant to or simultaneously with such agreement;
"the Investors"	means LDC and the Partnership in the capacity in which they are parties to the Investment Agreement and any nominee of LDC and/or the Partnership, together with any person to whom LDC and/or the Partnership has/have transferred, sold or assigned any Preferred Ordinary Shares pursuant to article 9.7 and/or Investor Notes (including any syndicatee) who undertakes to perform the obligations of an Investor under a deed of adherence or (and any nominee of such syndicatee or permitted transferee) and "Investor" shall be construed accordingly;
"Investor Director"	means any person appointed by the Investors as a non-executive director of the Company or any Group Company pursuant to clause 7 of the Investment Agreement and Article 19, or his or her alternate;
"the Investor Instrument"	Note means the instrument entered into by the Company of the date of adoption of these Articles constituting the Investor Notes;
"Investor Notes"	means the £10,700,000 fixed rate 15% secured loan notes 2003 issued by the Company to the Investors pursuant to the Investor Note Instrument or, as the case may be, the amount of Investor Notes issued pursuant to the Investor Note Instrument from time to time outstanding;
"LDC"	Lloyds TSB Development Capital Limited (No. 1107542) having its registered office at 45 Old Bond Street, London, W1S 4QT;
"Listing"	means the admission of any of the Company's shares to the Official List of the UK Listing Authority or the admission to trading of any of the Company's shares on a Recognised Investment Exchange approved by the Investors;
"Net Profits"	means the net consolidated profit of the Group on ordinary activities calculated on the historical cost accounting basis and shown in the audited consolidated profit and loss account of the

Company for the relevant financial year calculated in accordance with the accounting practices, policies and bases of the Company, which are in accordance Generally Accepted Accounting Principles in the United Kingdom and consistently applied:

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

after adding back any amount in excess of the total amount of emoluments of the Managers as approved by the Remuneration Committee (such sum to be Index Linked), charged in respect of emoluments (including amounts referred to in paragraph 1(4) of schedule 6 CA 1985) payable to the Company's and any subsidiary's executive directors and former executive directors (but excluding any Investor Director) and persons connected with them in respect of that or (if not previously taken into account for the purposes of this definition) any earlier financial year;

"New Managers"	means such person or persons, approved by an Investor Director, who has or have been or will be promoted or recruited as a director or employee of the Company or any other Group Company;
"Ordinary Shares"	means the ordinary shares of £1 each in the capital of the Company having the rights set out in Article 6 and "Ordinary Shareholder" shall be construed accordingly;
"the Partnership"	Means LDC Co-Investment Plan 2003 L.P. an English limited partnership having its principal place of business at 45 Old Bond Street, London, W1S 4QT, acting by its manager LDC;
"Preferred Ordinary Shares"	means the preferred ordinary shares of £1 each in the capital of the Company having the rights set out in Article 5 and "Preferred Ordinary Shareholder" shall be construed accordingly;
"Sale"	<p>(a) other than as a result of an intra-group reorganisation, the completion of an agreement for the sale of all or substantially all of the equity share capital of the Company (or any Group Company to which all or substantially all of the business or assets of the Company have been transferred); or</p> <p>(b) the completion of the acquisition or, where more than one, the last such acquisition, of equity share capital of the Company (or any Group Company to which all or substantially all of the business or assets of the Company have been transferred) made pursuant to an offer as a result of which the offeror becomes entitled or bound to acquire the remainder of such equity share capital;</p> <p>and for the purposes of paragraph (b) above, the date of acquisition shall be the date upon which the last acquisition is completed and reference to the offeror shall include any person with whom he is acting in concert;</p>
"subsidiary"	means a subsidiary as defined by sections 736 and 736 CA 1985 or a subsidiary undertaking to be construed in accordance with sections 258 and 259 CA 1985;

“the Target Company”	means Electrium Limited (Company No. 3335339), whose registered office is at Lichfield Road, Brownhills, Walsall, West Midlands, WS8 6JZ together with its wholly owned subsidiaries;
“Third Party”	means an individual, partnership or company which does not at the proposed date of transfer own any Equity Shares; and
“Warehouse”	means either the Company or an Employee Trust (as the case may be) to whom shares are transferred pursuant to Articles 10.3 or 13.3.

1.2 In these Articles, unless the context otherwise requires:

- (a) references to any document or to any specified provision in a document are to that document or that provision as in force for the time being and as amended from time to time in accordance with its terms or, as the case may be, with the agreement of the relevant parties;
- (b) words importing the singular include the plural and vice versa, words importing a gender include every gender and references to persons include corporations, partnerships (including limited partnerships), unit trusts or investment trusts and other unincorporated associations or bodies of persons;
- (c) the words and phrases “other”, “include”, “including” and “in particular” shall not limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible;
- (d) a person is connected with another person if he is so connected within the meaning of section 839 ICTA;
- (e) a reference to any enactment shall include:
 - (i) any provision which it has re-enacted (with or without modification) or modified; and
 - (ii) that enactment as re-enacted, replaced or modified from time to time, whether before on or after the date of these Articles;
- (f) references to books, records or other information include paper, electronically or magnetically stored data, film, microfilm, and information in any other form and references to “writing” or “written” include faxes and any other method of reproducing words in a legible and non-transitory form (excluding email);
- (g) references to days are to calendar days and not business days;
- (h) references to a person includes a reference to that person’s legal personal representatives, successors in the title and assigns from time to time (as such assignment is permitted under the terms of the Investment Agreement); and

- (i) references to regulations are, unless the context otherwise requires, references to the regulations in Table A (as defined in Article 2.1) and references to an Article by number are unless the context otherwise requires to the particular Article of these Articles.
- 1.3 Unless specifically defined, words and expressions defined in the Investment Agreement have the same meanings in these Articles.
- 1.4 The renunciation of a right to be allotted shares shall be treated as if it were a transfer of those shares and therefore shall be governed by Articles 8 to 13 inclusive.
- 1.5 Any decision, discretion, consent, requirement or approval which under Articles falls to be exercised or given by an Investor Director (including any conditions as to which such consent or approval is subject) it may be given by:
 - (a) an Investor Director giving his written consent or approval the relevant matter; or
 - (b) an Investor Director providing his oral consent or approval to the relevant matter whilst in attendance at the relevant Board meeting; or
 - (c) LDC giving its written consent or approval to the relevant matter.
- 1.6 Any decision, discretion, consent, requirement or approval required to be given under these Articles by or on behalf of the Investors shall be validly given by:
 - (a) LDC; or
 - (b) any other management company acting on behalf of LDC and/or the Partnership; or
 - (c) by some other person or persons nominated by the Partnership from time to time,

each an “Investor Agent” and each of the Investors appoints the Investor Agent to act as its agent under these Articles and irrevocably authorises the Investor Agent on its behalf to perform those duties and to exercise (or decide not to exercise) all rights and powers of the Investors under the terms of these Articles (including the giving of approvals, consents or waivers together with such rights, powers and discretions as are reasonably incidental to such approvals, consents or waivers). The Investor Agent may determine all questions and matters of doubt arising in relation to the exercise of any of the rights or powers of the Investors in these Articles and every such determination, whether made upon a question actually raised or implied in any acts or proceedings of the Investor Agent, shall be conclusive and shall bind all Investors.

- 1.7 The Company may satisfy any requirement to seek the consent of the Investors under these Articles by making application for such consent of LDC and the Company shall be entitled to assume (without further enquiry) that any written consent or approval given by LDC, purporting to act on behalf of the Investors, is duly given by LDC on behalf of the Investors.

- 1.8 LDC may authorise any person nominated by it for the time being (including an Investor Director, or any other management company acting on behalf of LDC or on behalf of the Investors) to exercise, grant or refuse (as appropriate) any of the rights, powers, discretions or directions vested in it pursuant to these Articles, and to give such written consents and approvals on its behalf and on behalf of the Investors in accordance with Articles 1.5 and 1.6 and such authorisation may be specific or general in nature and may be revoked at any time (provided that notice of such authorisation or revocation is given in writing to the Company).
- 1.9 References to shares are, unless the context otherwise requires, to shares of all and whatever denomination or classification in the Company.
- 1.10 The headings in these Articles shall not affect their construction or interpretation.

2 Table A

- 2.1 The regulations contained in Table A in the Schedule to the Companies (Tables A-F) Regulations 1985, as amended ("**Table A**"), apply to the Company except to the extent that they are excluded by or inconsistent with these Articles.
- 2.2 The first sentence of regulation 24 and regulations 64, 73 to 78, 80, 81, 90, 94, 95, 115 and 118 of Table A do not apply.

3 Private Company

- 3.1 The Company is a private company and accordingly any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

4 Share Capital

- 4.1 The authorised share capital of the Company at the date of adoption of these Articles is £100,000 divided into:
- (a) 50,000 Preferred Ordinary Shares; and
 - (b) 50,000 Ordinary Shares,

5 Preferred Ordinary Shares

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

5.1 Dividends

- (a) Subject to the provisions of Article 5.1(j) the holders of the Preferred Ordinary Shares shall be entitled to receive out of the profits of the Company available for distribution, and the Company shall pay in priority to the holders of any other class of shares:
 - (i) as a class in respect of each financial year of the Company detailed in the table below an additional cumulative dividend (the "**Preferred Dividend**") in cash of an aggregate sum which (exclusive of any

associated tax credit) is equal to the higher of:

- (A) 7% of the subscription price of the Preferred Ordinary Shares or, if higher;
- (B) the per cent of Net Profits opposite such date set out in the table below:

Financial Year Ending	Percent Of Net Profit
31 March 2006	2½%
31 March 2007	5%
31 March 2008	7½%
In respect of each financial year thereafter	10%

and thereafter, subject to the payment of all amounts payable to the holders of the Ordinary Shares pursuant to this Article 6.1(a), the Preferred Ordinary Shares shall rank *pari passu* in all respects with the Ordinary Shares as to dividends.

- (b) The Preferred Dividend shall be deemed to accrue from day to day from and including the date of issue.
- (c) Subject to CA 1985, the Preferred Dividend (if any) shall be paid not later than 3 months after the end of the relevant financial year of the Company or 14 days after the date on which the audited consolidated accounts of the Company for the relevant financial year are signed by the directors and the Auditors, whichever is earlier.
- (d) For so long as there are Preferred Ordinary Shares in issue, the Company shall procure that the Auditors, at the Company's expense, prepare a statement of the Net Profits for each financial year of the Company at the same time as the accounts of the Company for that financial year are being audited or, if earlier, within 3 months after the end of the relevant financial year and the Company shall cause a copy of such statement to be delivered to every member with the audited accounts for the relevant financial year (or if earlier, as soon as it has been prepared).
- (e) Unless the Company has insufficient profits available for distribution and is thereby prohibited from paying dividends by CA 1985, the Preferred Dividend shall (notwithstanding regulations 102 to 108 inclusive or any other provision

of these Articles and in particular notwithstanding that there has not been a recommendation of the Board or resolution of the Company in general meeting) be paid immediately on the due date and if not then paid shall become a debt due by the Company and be payable in priority to any other dividend.

- (f) If the Company fails to pay a Preferred Dividend on its due date, interest thereon shall accrue from the due date until payment at the rate of 4% per annum above the base rate of the Bank for the time being, compounded on 31st March, 30th June, 30th September and 31st December in each year.
- (g) The Company shall take all lawful steps available to it to procure that each other Group Company shall from time to time declare and pay to the Company such lawful dividends as are necessary to permit lawful and prompt payment by the Company of the Preferred Dividend, in each case in accordance with these Articles, such steps to include (to the extent required by law) the preparation of such interim or initial accounts of the Company and each Group Company by reference to which profits available for distribution might fall to be calculated, procuring the Auditors report on any such initial accounts and filing any such initial or interim accounts with the Registrar of Companies.
- (h) Where the Company has insufficient profits available for distribution and by reason CA 1985 is unable to pay in full on any date on which any Preferred Dividend becomes payable (such date being referred to in this Article 5.1(h) as a "**dividend date**") any Preferred Dividend which would otherwise be required to be paid on that dividend date, then:
 - (i) on that dividend date, the Company shall pay to the holders of the Preferred Ordinary Shares on account of the Preferred Dividend the maximum sum (if any) which can then, consistently with CA 1985, properly be paid by the Company; and
 - (ii) on each succeeding dividend date, the Company shall in respect of the Preferred Ordinary Shares pay on account of the balance of the Preferred Dividend for the time being remaining outstanding, and until the outstanding Preferred Dividends are paid in full, the maximum sum (if any) which on each such succeeding dividend date can, consistently with CA 1985, properly be paid by the Company to be applied against the dividend debt longest standing.
- (i) The second and succeeding sentences of regulation 103 shall not apply to the Company.
- (j) If at any time the Partnership is the holder of any of the Preferred Ordinary Shares, the Partnership shall not be entitled to receive the Participating Dividend.

5.2 Capital

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

- (a) in paying to each holder of Preferred Ordinary Shares an amount in respect of each Preferred Ordinary Share held which is equal to the amount paid up on such share (including any premium) together with all arrears and accruals of the Preferred Dividend (which shall be calculated on the pro rata basis set out in Article 5.3(e)(ii) as if the date of return of capital was the conversion date) and interest thereon calculated down to and including the date the return of capital is made (such arrears and accruals being payable irrespective of whether or not the payment of them would be unlawful by reason of there not being sufficient profits available for distribution); and
- (b) thereafter, subject to the payment of all amounts payable to the holders of the Ordinary Shares pursuant to Article 6.2(a), in distributing the balance of such assets amongst the holders of the Preferred Ordinary Shares and the Ordinary Shares (pari passu as if they constituted one class of share) in proportion to the amounts paid up or credited as paid up on the Preferred Ordinary Shares and the Ordinary Shares held by them respectively.

5.3 Conversion

- (a) The Investors shall be entitled to convert the whole of the Preferred Ordinary Shares held by them into fully paid Ordinary Shares in accordance with this Article 5.3(a) and such shares arising on the conversion shall be redesignated as fully paid Ordinary Shares, provided that at the same time, any other holders of Preferred Ordinary Shares shall be entitled (but shall not be obliged) to convert all the Preferred Ordinary Shares held by them into fully paid Ordinary Shares in accordance with this Article 5.3(a). If the Investors wish to convert the Preferred Ordinary Shares held by them pursuant to this Article 5.3(a) (and if any other holders of Preferred Ordinary Shares wish to convert the Preferred Ordinary Shares held by them pursuant to this Article 5.3(a)) (together "**the Converting Shareholders**") they shall each give notice in writing to the Company ("**the Conversion Notice**") and immediately upon the Conversion Notice being given the Board and the members of the Company shall do all acts within their power as necessary (but without the obligation to incur personal financial expenditure) to procure that the percentage of the equity share capital of the Company attributable to the Ordinary Shares arising from and immediately after such conversion shall equal that percentage of the equity share capital attributable to the Preferred Ordinary Shares which were held by the Converting Shareholders immediately prior to the giving of the Conversion Notice, including using their voting powers as directors and/or members of the Company (where relevant) to procure the approval by the Board and the Company of any necessary resolutions for such purpose, including any resolution to capitalise reserves and distribute the same to the Converting Shareholders in the form of bonus shares into which the Preferred Ordinary Shares are consolidated (in order to create shares of a nominal value of £1 immediately after conversion on a one for one basis) or otherwise to

restructure the Company's share capital as is necessary to achieve a conversion on the basis set out in this Article 5.3(a). In the event that the Conversion Notice states that conversion is to be effective when any conditions specified in the Conversion Notice have been fulfilled, such conversion in accordance with this Article 5.3(a) shall only take effect when those conditions have been fulfilled but otherwise the Board and the members of the Company shall procure that such conversion shall take effect forthwith upon receipt of the relevant Conversion Notice.

- (b) The Preferred Ordinary Shares shall be converted in their entirety into and redesignated as fully paid Ordinary Shares immediately prior to (but, unless an Investor Director otherwise agrees, after redemption of the Investor Notes in accordance with the terms of the Investor Note Instrument) and conditional upon, an Exit on the basis set out in Article 5.3(a) (save that the Converting Shareholders shall not be required to give notice in writing to the Company), such that the percentage of the equity share capital of the Company attributable to the Ordinary Shares arising from and immediately after such conversion shall equal that percentage of the equity share capital attributable to the Preferred Ordinary Shares which were held by the Converting Shareholders immediately prior to such conversion and the Board and the members of the Company shall do all acts within their power as necessary (but without the obligation to incur personal financial expenditure) so as to procure such conversion, including using their voting powers as directors (where relevant) and members of the Company to procure the approval by the Board and the Company of any necessary resolutions for such purpose, including any resolution to capitalise reserves and distribute the same to the Investors in the form of bonus shares into which the Preferred Ordinary Shares are consolidated (in order to create shares of a nominal value of £1 immediately after conversion on a one for one basis) or otherwise to restructure the Company's share capital as is necessary to achieve a conversion on the basis set out in Article 5.3(a).
- (c) In this Article 5.3, "**convertible shares**" means any shares which are due to be converted or redesignated or consolidated pursuant to or in accordance with Article 5.3(a) or 5.3(b) (as the case may be), "**new shares**" means any shares which arise as a consequence of such conversion, consolidation or redesignation and "**conversion date**" means the date upon which the conversion, consolidation or redesignation is effected in accordance with Article 5.3(a) (or, if different, the date specified in such notice) or the date upon which the Exit becomes unconditional (as the case may be).
- (d) Each member holding convertible shares shall deliver the certificate(s) for those shares (or an indemnity in lieu thereof) to the Company on or before the conversion date whereupon the Company shall issue to the persons entitled thereto certificates for the new shares.
- (e) The convertible shares shall rank for a proportionate part of the Preferred Dividend attributable to the financial year of the Company in which the conversion date falls, calculated on a daily basis down to and including the

conversion date. The Company shall accordingly deliver to each holder of convertible shares on the conversion date the aggregate sum of:

- (i) all arrears, accruals and deficiencies of the Preferred Dividend attributable to all financial years ending on or before the conversion date, whether declared or earned or not;
- (ii) a pro rata amount of the Preferred Dividend from the date of the commencement of the financial year in which the conversion takes place down to and including the conversion date calculated on the conversion date on the basis set out in Article 5.1(a) save that "Net Profits" for this purpose shall be:

$\frac{X}{Y} \times Z$

Y

where:

X equals the net consolidated profit of the Group as shown by the latest available unaudited consolidated management accounts of the Group for the period from the start of the financial year in which the conversion takes place to the latest practicable date prior to the conversion date;

Y equals the number of days in the period to which those management accounts relate; and

Z equals the number of days from the date of the start of the then current financial year down to and including the conversion date.

- (f) The new shares shall, as from conversion, rank pari passu in all respects with the issued Ordinary Shares and shall entitle the holders of them to all dividends and other distributions declared, made or paid by reference to a record date on or after the conversion date on the Ordinary Shares save that:

- (i) any entitlement to dividend attributable to such new shares in respect of the financial year of the Company in which the conversion date falls shall accrue on a daily basis as from (but excluding) the conversion date; and
- (ii) for the purposes of the table set out in Article 10.4(c), such new shares shall be deemed to be Preferred Ordinary Shares.

5.4 Voting

- (a) The holders of the Preferred Ordinary Shares shall be entitled to receive notice of and to attend and speak at any general meetings of the Company and each holder of Preferred Ordinary Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall, on a show of hands, have one vote, and, on a

poll, have one vote for each Preferred Ordinary Share of which he is the holder PROVIDED ALWAYS that, save in the circumstances set out in Article 5.5, the total number of votes cast by the holders of the Preferred Ordinary Shares shall not exceed a total of 49.9% of the total number of votes cast;

5.5 Enhanced Voting Rights

In the event that any of the following occurs:

- (a) a material breach by the Company or any of the members (other than the Investors) or directors (other than the Investor Directors or the Chairman) of the Company of any of the provisions of these Articles which is not remedied within 14 days of notification of the breach; or
- (b) a material breach by the Company or any of the members (other than the Investors) or directors (other than the Investor Directors or the Chairman) thereof of the Investment Agreement, which for the purposes of this Article 5.5 shall mean:
 - (i) a material breach of the warranties contained in clause 5 and schedule 4 of the Investment Agreement;
 - (ii) a persistent material and wilful breach of any of the provisions of Schedules 2 or 3 of the Investment Agreement or a breach of any such provisions which is capable of remedy but which has not within 14 days of a request from the Investors for such remedy to be effected, been duly remedied,
 - (iii) such breach as is referred to in clause 6.8 or 6.9 of the Investment Agreement,

then the Investors may serve notice of the same upon the Company whereupon the voting rights attached to the Preferred Ordinary Shares shall be enhanced as follows:

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

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

6 Ordinary Shares

The rights attached to the Ordinary Shares are as follows:

6.1 Dividends

Subject to the payment of the Participating Dividend (including all arrears and accruals thereof and interest thereon), any remaining profits which the Company determines to distribute in any financial year shall, subject to the prior approval of LDC be applied as follows:

- (a) first, in paying to the holders of the Ordinary Shares a fixed non-cumulative dividend for that (but not any subsequent or preceding) financial year of an amount per share not exceeding the amount (if any) paid on each Preferred Ordinary Share by way of Participating Dividend (excluding any payments of arrears of such dividends made in that financial year); and
- (b) secondly, subject to the payment of all amounts payable to the holders of the Preferred Ordinary Shares pursuant to Article 5.1, in distributing the balance of such profits amongst the holders of the Preferred Ordinary Shares and the Ordinary Shares then in issue *pari passu* according to the number of such shares held by them respectively as if they constituted one class of shares.

6.2 Capital

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

- (a) first, in paying to each holder of Ordinary Shares an amount in respect of each Ordinary Share held equal to the amount paid up on such share (including any premium); and
- (b) secondly, subject to the payment of all amounts payable to the holders of the Preferred Ordinary Shares pursuant to Article 5.1, in distributing the balance of such assets amongst the holders of the Ordinary Shares and the Preferred Ordinary Shares (*pari passu* as if they constituted one class of shares) in proportion to the amounts paid up or credited as paid up on the Ordinary Shares and the Preferred Ordinary Shares held by them respectively.

6.3 Voting

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

present in person, by proxy or by a duly authorised representative, on a show of hands or on a poll on any resolution relating to: (a) the appointment or removal of an Investor Director; or (b) any breach by the Managers or the Company of the Warranties.

- (c) The rights attaching to each Ordinary Share held by any person who ceases to be an employee/director of the Company (including the Ordinary Shares held by the permitted transferees of any such person) (the "**Leaver's Shares**") shall be restricted immediately on the Termination Date (as defined in the Investment Agreement) in the following ways:
 - (i) the right to attend and vote at general meetings attaching to the Leaver's Share held (if any) may only be exercised by the Chairman (or, if the Chairman is an employee of a Group Company, the secretary) and no other person; and
 - (ii) the holder of the Leaver's Share shall be excluded from any offer/issue of new share in the Company.

7 Variation of Class Rights

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

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

7.2 Without prejudice to the generality of Article 7.1, the special rights attached to the Preferred Ordinary Shares shall be deemed to be varied at any time by any of the following:

- (a) the capitalisation of any sum in or towards paying up any share or loan capital

of the Company other than on a pro rata basis between the holders of the Preferred Ordinary Shares and the Ordinary Shares as if all such shares constituted one class of shares;

- (b) the redemption of any of the Company's shares or the entering into by the Company of a contract to purchase any of its shares other than pursuant to these Articles or otherwise than on a pro rata basis between the holders of the Preferred Ordinary Shares and the Ordinary Shares as if all such shares constituted one class of shares;
- (c) the alteration, increase, reduction, sub-division or consolidation of the issued share capital of any Group Company or the grant of any option or right to subscribe for shares in any Group Company or the issue of securities which are convertible into shares of any Group Company, other than a conversion redesignation, consolidation or redemption of shares pursuant to these Articles;
- (d) the creation by any Group Company of any mortgage, charge, pledge, lien, encumbrance or other security interest other than such existing interests pursuant to the Financial Facilities and, the Investor Note Instrument (excluding any interest arising by operation of law in the ordinary course of business);
- (e) the directors permitting the Group Borrowings to exceed the limit imposed by these Articles;
- (f) the making of any material change (including cessation) in the nature of the business of the Group taken as a whole;
- (g) the passing of any special or extraordinary resolution of the members (or any class of them) to which the holders of Preferred Ordinary Shares do not vote in favour;
- (h) the declaration or payment of any dividend or the making of any other distribution in respect of the profits, assets or reserves of the Company or any of its subsidiaries other than the Participating Dividend and any other dividends declared and paid strictly in accordance with these Articles;
- (i) the institution of any proceedings for or the convening of any meeting for the passing of any resolution for the winding up of the Company or any Group Company;
- (j) the removal of any Director otherwise than in accordance with Article 19; or
- (k) the Company or any Group Company incurring an obligation to do any of the matters referred to in this Article 7.2.

7.3 Subject to the provisions of Article 7.4 and unless such action as referred to in (a) - (g) below is required to be taken under the terms of the Financial Facilities, the special rights attached to the Ordinary Shares shall be deemed to be varied at any time by any of the following:

- (a) the capitalisation of any sum in or towards paying up any share or loan capital of the Company other than on a pro rata basis between the holders of the Preferred Ordinary Shares and the Ordinary Shares of the Company as if all such shares constituted one class of shares other than a capitalisation arising out of or in connection with a conversion, redesignation or consolidation of shares pursuant to these Articles;
- (b) redemption of any of the Company's shares or entering into by the Company of a contract to purchase any of its shares other than pursuant to these Articles or on a pro rata basis between the holders of the Preferred Ordinary Shares and the Ordinary Shares as if all such shares constituted one class of shares;
- (c) the alteration, increase, reduction, sub-division or consolidation of the issued share capital of any Group Company or the grant of any option or right to subscribe for shares in any Group Company other than on a pro rata basis between the holders of the Preferred Ordinary Shares and the Ordinary Shares as if all such shares constituted one class of shares and other than arising out of a conversion, redesignation, consolidation or redemption of shares pursuant to these Articles;
- (d) the creation or issue of any new class of shares in the capital of the Company (or of any loan capital of the Company which is or may be convertible into any such new class of shares) conferring rights on the holders thereof to dividends or capital which rank or are capable of ranking equal or in priority to the holders of the Ordinary Shares;
- (e) the alteration of any provision of the memorandum of association of the Company or of these Articles which alteration adversely and disproportionately affects the specific rights attaching to or pertaining to the Ordinary Shares as against the Preferred Ordinary Shares;
- (f) the declaration or payment of any dividend or the making of any other distribution in respect of the profits, assets or reserves of the Company or any of its subsidiaries other than the Participating Dividend and any other dividends declared and paid strictly in accordance with these Articles or otherwise paid on a pro rata basis between the holders of the Preferred Ordinary Shares and the Ordinary Shares as if all such shares constituted one class of shares; or
- (g) the institution of any proceedings or the passing of any resolution for the winding up of any Group Company.

7.4 The class rights contained in Article 7.3 shall not apply in respect of and for the benefit of the Ordinary Shares if:

- (a) the Investors shall have served a Default Notice (as defined below) and, in the case of (i) and (ii) below, the relevant event of default, if capable of remedy, has not been remedied to the reasonable satisfaction of the Investors within 14 days and the Investors reasonably consider that the Company requires additional funding. For the purposes of this Article 7.4, a "Default Notice"

means a notice in writing signed on behalf of the Investors and which may be served if and whenever:

- (i) there is an event of default outstanding under the terms of the Financial Facilities; or
 - (ii) there is a breach of any provisions of the Investor Note Instrument any payment of interest or capital due under the terms of the Investor Note Instrument is not paid on its due date; or
 - (iii) the Company or the Managers are in breach of the covenants contained in clauses 6.7 or 6.8 of the Investment Agreement;
- (b) the Bank has declared an event of default under the terms of the Financial Facilities or taken any steps to enforce its security under the Financial Facilities, in which case, for so long as such event of default shall remain unremedied such class rights shall not apply, and so that should any of the matters referred to in Article 7.4(a) occur whilst such event of default or breach subsists such occurrence and all circumstances resulting from it shall not constitute a variation of such rights, even after any such event of default or breach has been remedied.

8 Provisions applying on every Transfer of Equity Shares

8.1 The Board shall not register a transfer of Equity Shares (or any interest in such shares) nor are any shareholders entitled to transfer Equity Shares unless:

- (a) such transfer is permitted by Article 9 (Permitted Transfers) or has been made in accordance with Article 10 (Pre-emption Rights) with the prior written consent of LDC or, if appropriate Articles 11 (Drag Along), 12 (Tag Along) or 13 (Compulsory Transfers); and
- (b) (other than on an Exit) the proposed transferee has entered into an agreement to be bound by the Investment Agreement in the form required by clause 11 of that agreement.

8.2 For the purpose of ensuring that a particular transfer of shares lodged for registration is permitted under, or made in accordance with, these Articles, the Board may require the transferor or the transferee named in that transfer to provide such information or evidence as the Board may reasonably think necessary or relevant. If such information or evidence is not provided to the satisfaction of the Board within 28 days after a request for it (or the first in a series of requests), the Board may refuse to register the transfer in question.

8.3 The Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of any share which would otherwise be permitted under, or made in accordance with, these Articles if it is a transfer:

- (a) of a share on which the Company has a lien; or
- (b) of a share which is not fully paid to a person of whom they do not approve.

- 8.4 An obligation to transfer a share under these Articles shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such share free from any lien, charge or other encumbrance (save for any interest of beneficiaries under the relevant Family Trust, where applicable).
- 8.5 Regulations 30 and 31 shall be modified to reflect the provisions of this Article 8 and Articles 9, 10, 11 and 12.

9 Permitted Transfers of Equity Shares

- 9.1 For the purposes of these Articles:

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

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

“Permitted Transfer” means any transfer of shares permitted under this Article 9;

“Relevant Shares” means, in relation to a member any shares for the time being held by that member or his Family Members or trustees of his Family Trust; and

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

- 9.2 Ordinary Shares up to a maximum of half of the original holding of a member may be transferred to a Family Member of that member or to the trustees of a Family Trust at any time provided that for the purposes of this Article 9.2, “member” does not include:

- (a) a bankrupt or a trustee in bankruptcy;
- (b) a trustee of a Family Trust; or
- (c) any person in respect of whom Equity Shares were previously transferred by way of Permitted Transfer under this Article 9.

- 9.3 Where shares are held by trustees under a Family Trust:

- (a) such shares may, on any change of trustees, be transferred to the new trustees of that Family Trust;
- (b) such shares may at any time be transferred to the Settlor or to any person to whom the Settlor could have transferred them under Article 9.2 if he had remained the holder of them; and

- (c) if and whenever any such shares cease to be held under a Family Trust (other than by virtue of a transfer made under this Article 9.3), the trustees shall forthwith give a Sale Notice (as defined in Article 10.1) in respect of the Relevant Shares and in any event within 28 days of the shares ceasing to be so held.

9.4 If any Family Member who has acquired shares from a member pursuant to this Article 9 ceases to bear the relationship to that member (or, where the member was the trustee of a Family Trust, the Settlor of that trust) by which the transfer qualified as a Permitted Transfer, that Family Member shall forthwith transfer the Relevant Shares back to that member for such consideration as they may agree or, in default of agreement within 28 days of the cessation, for the consideration (if any) for which that Family Member acquired them. In the event that such transfer is not effected within the prescribed time the Board may appoint any director to execute instruments of transfer in favour of the original member and shall procure that the name of the original member be entered into the register of members in respect of such shares.

9.5 A shareholder which is a body corporate may transfer Ordinary Shares to a member of the same group (meaning a subsidiary or holding company for the time being of the body corporate or a subsidiary of any holding company of which that body corporate is also a subsidiary) if the transferee gives an undertaking to the Company that if the transferee is about to cease to be a member of the same group, all its shares in the Company will, before the cessation, be transferred to another member of the same group.

9.6 Any Ordinary Shares may be transferred to any person and on any terms with the written consent of LDC.

9.7 Any of the Investors, or any nominee of the Investors, may at any time transfer any share:

- (a) to another Investor;
- (b) to a member of the same group as that Investor's Group (as defined below);
- (c) to any person who becomes a manager or adviser of a company, fund or partnership in place of, or in addition to, such transferor;
- (d) to any person who becomes a general partner, nominee or trustee for a limited partnership, unit trust or investment trust in place of, or in addition to, such transferor;
- (e) to the partners of a limited partnership (or their nominees) or to the holders of units in a unit trust (or their nominees) on a distribution in kind or otherwise under the relevant partnership agreement or trust deed;
- (f) to any investment trust (as defined in the Listing Rules of the UK Listing Authority) whose shares are listed on a Recognised Investment Exchange and which is also manager of such Investor; or

- (g) to any co-investment scheme, being a scheme under which certain officers, employees or partners of an Investor or its adviser or manager are entitled (as individuals or through a body corporate or any other vehicle) to acquire shares which the Investor would otherwise acquire ("**Co-Investment Scheme**");
- (h) to the beneficial owner or owners in respect of which the transferor is a nominee, custodian or trustee or to any other nominee, custodian or trustee for such beneficial owner or owners;
- (i) to any unitholder, shareholder, partner, participant, manager or adviser (or any employee or director of, or any consultant to, any such manager or adviser or of or to any company or other entity in the same group as, or associated with, such manager or adviser, or to the trustees of any family trust of any such person) in or of any of the Investors or of any investment fund, collective investment scheme or any co-investment scheme which invests in parallel or co-invests with any of the Investors and in respect of which LDC, or any of its group companies or entities, or the transferor is the manager, adviser or administrator or a nominee or custodian;
- (j) to any other investment fund, collective investment scheme or co-investment scheme managed or advised by LDC, or any of its group companies or entities; or
- (k) to a nominee, custodian or trustee of, or to a member of the same group as, the transferor or any of the persons referred to in sub-paragraphs (h), (i) or (j) of this Article 9.7.

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

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

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

9.9 Notwithstanding any other provisions of these Articles, the Investors (or any nominee thereof) may transfer all or any Preferred Ordinary Shares by way of syndication or to any fundholder from time to time of LDC.

10 **Pre-emption Rights**

10.1 Without prejudice to any restrictions on transferring shares contained in the Investment Agreement, an Ordinary Shareholder who wishes to transfer Ordinary Shares to a person to whom Article 9 does not apply ("**Selling Shareholder**") shall serve notice on the Company ("**Sale Notice**") stating the number

be treated as being made; and

- (B) no Sale Shares shall be as offered to any member who is then bound to give or is then deemed to have given a Sale Notice pursuant to Article 13;

(1) Class of Sale Shares	(2) Offered first to	(3) Offered second to	(4) Offered third to	(5) Offered fourth to
Preferred Ordinary Shares	Preferred Ordinary Shareholders	Ordinary Shareholders	Preferred Ordinary Shareholders	Third Parties
Ordinary Shares	all members holding Equity Shares as if the same consisted of one class	Ordinary Shareholders	Preferred Ordinary Shareholders	Third Parties

- (d) if the Sale Shares are Ordinary Shares which were due to be offered to the Warehouse but were either not offered or were not taken up and are being offered for sale at a price restricted to no more than their original subscription price all Preferred Ordinary Shares held by members will be deemed to be Ordinary Shares for the purposes of determining the entitlement of the members to be offered Sale Shares under this Article 10.

- 10.5 Subject to Article 10.6, members to whom Sale Shares are offered pursuant to Article 10.4(c) shall be entitled to apply by notice in writing to the Company for any number of Sale Shares (up to a maximum proportion of Sale Shares which equals the proportion which all the Equity Shares then held by such member bears to all the Equity Shares held by all offerees) ("**Due Proportions**") within 14 days of receiving notification from the Company in accordance with Article 10.4(c).
- 10.6 Where the number of Sale Shares is more than the number of Sale Shares for which applications are made, the excess shares ("**Excess Shares**") shall be allocated to the applicants (as nearly as possible) in their Due Proportions. Those persons may without being bound to do so amend their application to buy any such Excess Shares.
- 10.7 In the table contained in Article 10.4(c) the references to Ordinary Shareholders in columns (2), (3) and (4) shall not include any such members who are not either employed full time by the Company at the time of the offer or transfer or to any person who would not hold the entire legal and beneficial interest in such shares in their own personal capacity or to any person who has already given or who is deemed to have already given a Sale Notice.
- 10.8 21 days after the Company's despatch of the terms for the sale of the Sale Shares ("**the First Closing Date**");

of shares he wishes to transfer ("**Sale Shares**") and his asking price for each share ("**Asking Price**").

- 10.2 The Selling Shareholder may state in the Sale Notice that he is only willing to transfer all the Sale Shares, in which case no Sale Shares can be sold unless offers are received for all of them but in the absence of such a statement, the Sale Notice shall be deemed not to contain such a statement.
- 10.3 An Investor Director may direct that any shares being sold by Ordinary Shareholders shall first be offered to a New Manager or, failing that, to the Company. If an Investor Director does not require the shares to be so offered to a New Manager or the Company, the shares in question shall, if the Board so directs and provided that the prior consent of an Investor Director shall be obtained (such consent not to be unreasonably withheld or delayed), be offered for sale to an Employee Trust. The provisions of Articles 13.4 to 13.19 (inclusive) shall apply to any shares transferred to a Warehouse under this Article 10.3. Any shares not sold to a New Manager or Warehouse within 21 days of such offer will be offered for sale to the members of the Company as set out in the remainder of this Article 10.
- 10.4 The Sale Notice shall make the Company the agent of the Selling Shareholder for the sale of the Sale Shares on the following terms (which the Company shall notify to the other Equity Shareholders within seven days of receiving the Sale Notice):
- (a) the price for each Sale Share is the Asking Price;
 - (b) the Sale Shares are to be sold free from all liens, charges and encumbrances and together with all rights attaching to them;
 - (c) subject to paragraph (d) of this Article 10.4 and to Articles 10.3 and 10.7, Sale Shares of a particular class specified in column (1) of the table below shall be offered as follows:
 - (i) in the first instance to all persons in the category set out in the corresponding line in column (2) in the table below;
 - (ii) to the extent not taken up in accordance with Article 10.5 by persons in column (2), to all persons in the category set out in the corresponding line in column (3) in the table below;
 - (iii) to the extent not taken up in accordance with Article 10.5 by persons in columns (2) and (3), to all persons set out in the corresponding line in column (4) in the table below;
 - (iv) to the extent not taken up in accordance with Article 10.5 by persons in columns (2) (3) and (4), to any bona fide arms length Third Party purchaser within three months of the Third Closing Date (as referred to in Article 10.10) in accordance with Article 10.12;
- but:
- (A) where no person is specified in a column no further offer shall

- (a) the Sale Notice shall become irrevocable;
 - (b) a person specified in column (2) of the table in Article 10.4(c) in relation to such shares who has not responded to the offer in writing shall be deemed to have declined it; and
 - (c) each application made (and not withdrawn) by any person (specified in the column (2) of the table in Article 10.4(c) in relation to such shares) to acquire Sale Shares shall become an irrevocable offer to purchase the same on the terms contained in Article 10.4(a) and 10.4(b).
- 10.9 If at the First Closing Date, there remain any Sale Shares for which applications have not been made then such remaining shares shall be offered to those persons shown in column (3) of the table in Article 10.4(c) for such class of shares and the provisions of Articles 10.4 to 10.8 (inclusive) shall be repeated in relation to such offer except that:
- (a) reference to the First Closing Date shall be replaced by reference to the Second Closing Date;
 - (b) reference to column (2) of the table in Article 10.4(c) shall be replaced by reference to the column (3) of the table in Article 10.4(c).
- 10.10 If at the Second Closing Date, there remain any Sale Shares for which offers have not been made then such remaining shares shall be offered to those persons shown in column (4) of the table in Article 10.4(c), for such class of shares and the provisions of Articles 10.4 to 10.8 (inclusive) shall be repeated in relation to such offer except that:
- (a) reference to the First Closing Date shall be replaced by reference to the Third Closing Date;
 - (b) reference to column (2) of the table in Article 10.4(c) shall be replaced by reference to the column (4) of the table in Article 10.4(c).
- 10.11 Within seven days after the Third Closing Date (or the First Closing Date or the Second Closing Date in relation to all of the Sale Shares sold by then), the Company shall notify the Selling Shareholder and the persons who applied to buy Sale Shares as the result of the offer, and, if any Sale Shares are to be sold pursuant to the offer:
- (a) the Company shall notify the Selling Shareholder of the names and addresses of the persons who are to buy Sale Shares and the numbers to be bought by each;
 - (b) the Company shall notify each person buying shares of the number of Sale Shares he is to buy; and
 - (c) the Company's notice shall state a place and time, between 7 and 14 days later, on which the sale and purchase of the Sale Shares is to be completed, subject to Article 10.2.
- 10.12 In relation to any offer of unsold Sale Shares to a Third Party in accordance with the table in Article 10.4(c), such transfer may only be made in relation to the Sale Shares

for which offers were not received (or, if the Sale Notice stated that the Selling Shareholder was only willing to transfer all the Sale Shares, all the Sale Shares) and to any person at no less than the Asking Price per share, with any other terms being no more favourable than those in the Sale Notice and the Company and the Investors shall be entitled to require such evidence as they deem necessary or desirable to satisfy themselves as to such terms and no transfer to any Third Party will be registered until such information is provided to the satisfaction of the Company and LDC.

- 10.13 Without prejudice to the generality of Article 8.2, the Board or LDC may require to be satisfied that any Sale Shares being transferred by a Selling Shareholder pursuant to Article 10.12 are being transferred under a bona fide sale for the consideration stated in the transfer without any deduction rebate or allowance to the Third Party and if not so satisfied (acting reasonably) may refuse to register the instrument of transfer.
- 10.14 The Directors may not register a transfer of Ordinary Shares unless the proposed transferee has entered into an agreement to be bound by the Investment Agreement in the form required by that agreement.
- 10.15 If having issued a Sale Notice the Selling Shareholder does not transfer Sales Shares, the Company may authorise any director to transfer the Sale Shares on the Selling Shareholder's behalf to the buying party concerned against receipt by the Company of the Asking Price per share. The Company shall hold the Asking Price in trust for the Selling Shareholder without any obligation to pay interest. The Company's receipt of the Asking Price shall be a good discharge to the buying shareholder. The directors shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Selling Shareholder shall surrender his share certificate for the Sale Shares to the Company. On surrender, he shall be entitled to the Asking Price for the Sale Shares.
- 10.16 Without prejudice to Articles 8.1, 9, and 11, the previous provisions of this Article 10 (other than Articles 10.3 and 10.7) shall apply (with appropriate amendments) to any transfer of Preferred Ordinary Shares as if the references to Ordinary Shareholders were to Preferred Ordinary Shareholders and references to Ordinary Shares were to Preferred Ordinary Shares.
- 10.17 Nothing contained in these Articles (and in particular in the table in Article 10.4(c)) shall prevent or restrict the holders of the Preferred Ordinary Shares and Ordinary Shares transferring any shares held by them on or after an Exit to any person free of any pre-emption rights.
- 10.18 Any Preferred Ordinary Share transferred to any person who is not an Investor shall forthwith on such transfer (and as a condition thereof) unless the Investors shall otherwise agree, be converted on the basis set out in Article 5.3(a) (save that no notice in writing shall be required) into and redesignated as Ordinary Shares having all the rights, privileges and restrictions attaching to such shares and ranking pari passu with all other Ordinary Shares in the share capital of the Company and the Board and the members of the Company shall do all acts within their power as necessary (but without the obligation to incur personal financial expenditure) to procure that the percentage of the equity share capital of the Company attributable to the Ordinary Shares arising on and immediately after such transfer and conversion shall equal that

percentage of the equity share capital of the Company attributable to the Preferred Ordinary Shares which were the subject of the transfer immediately prior to such transfer, including using their voting powers as directors and members of the Company to procure the approval by the Board and the Company of any necessary resolutions including any resolution to capitalise reserves and distribute the same to the transferor of the Preferred Ordinary Shares in the form of bonus shares into which the Preferred Ordinary Shares are consolidated (in order to increase shares of a nominal value of £1 immediately after conversion on a one for one basis) or otherwise to restructure the Company's share capital as is necessary to achieve a conversion on the basis set out in Article 5.3(a).

11 Drag Along Right

- 11.1 Without prejudice to the provisions of Article 12, if any one or more of the holders of a majority of the Preferred Ordinary Shares (together the "**Exiting Shareholders**") wish to transfer their shares to an unconnected bona fide arms length purchaser ("**Third Party Purchaser**") the Exiting Shareholders shall have the option (the "**Drag Along Option**") to require all holders of Ordinary Shares and Preferred Ordinary Shares to transfer all their shares to the Third Party Purchaser (or as it shall direct) in accordance with this Article 11.
- 11.2 If the Third Party Purchaser is Schneider Electric SA or in any way connected with Schneider Electric SA or a party in which Schneider Electric SA is connected with, the Existing Shareholders may only sell their shares to such person or persons within the 12 month period from the date of adoption of these Articles in the event that the Investors procure that the minimum amount of consideration received by the Ordinary Shareholders (for the avoidance of doubt, prior to any anti embarrassment payment) is £2,400,000.
- 11.3 The Exiting Shareholders may exercise the Drag Along Option by giving notice to that effect (a "**Drag Along Notice**") to all holders of Ordinary Shares (the "**Called Shareholders**") at any time before the transfer of the Preferred Ordinary Shares. A Drag Along Notice shall specify that the Called Shareholders are required to transfer all their Ordinary Shares (the "**Called Shares**") pursuant to Article 11.1, the price at which the Called Shares are to be transferred calculated in accordance with Article 11.4 and the proposed date of transfer.
- 11.4 The Called Shareholders shall be obliged to transfer the Called Shares at the same price per Equity Share equal to the highest price paid or payable by the Third Party Purchaser or persons acting in concert with him or connected with him for any Equity Shares within the last 6 months plus an amount equal to their relevant proportion of any other consideration (in cash or otherwise) received or receivable by the Exiting Shareholders 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 Existing Shareholders' shares.
- 11.5 Completion of the sale of the Called Shares shall be conditional on the sale of the Existing Shareholders' shares and shall take place on the same date as the date proposed by the Exiting Shareholders for completion of the sale of the Exiting Shareholders' Equity Shares unless:

- (a) all of the Called Shareholders and the Selling Shareholders agree otherwise; or
- (b) that date is less than seven days after the Drag Along Notice, in which case the date for completion of the sale of the Called Shares shall be the seventh day after the Drag Along Notice.

11.6 Article 10 does not apply to transfers of shares made under this Article 11.

12 Tag Along Right

12.1 Notwithstanding any other provision in these Articles, no sale or transfer or other disposition of any interest in any Equity Shares (the "**Specified Shares**") shall have any effect, if it would result in a Change in Control unless:

- (a) the Investors consent in writing; or
- (b) before the transfer is lodged for registration the proposed transferee ("**the Third Party Purchaser**") makes a bona fide offer in accordance with this Article 12.1 to purchase at the Specified Price (defined in Article 12.3) all the Equity Shares in issue and to purchase or redeem or procure that the Company redeems the Investor Notes as if such Investor Notes fell to be redeemed in accordance with the terms of the Investor Note Instrument on a Change in Control.

12.2 An offer made under Article 12.1 shall be in writing open for acceptance for at least 21 days, and shall be deemed to be rejected by any member who has not accepted it in accordance with its terms within 28 days and the consideration payable under the offer shall be settled in full on completion of the purchase and within 30 days of the date of the offer.

12.3 For the purposes of Article 12.1 the expression "**Specified Price**" means:

- (a) in the case of Equity Shares held by the Investors, the higher of:
 - (i) a price per share equal to the highest price paid or payable by the proposed transferee or persons acting in concert with him or connected with him for any Equity Shares within the last six months plus an amount equal to their 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; and
 - (ii) a price per share equal to the issue price such shares,plus in either case a sum equal to any arrears or accruals of the dividends on such shares and interest on such shares calculated down to the date of the transfer is completed; and
- (b) in the case of the purchase or redemption of the Investor Notes, the purchase or redemption of the nominal amount of such notes together with any arrears or

accruals of interest and any other sums outstanding in relation to calculated down to the date the transfer is completed.

- 12.4 If the Specified Price or its cash equivalent cannot be agreed within 21 days of the proposed sale or transfer referred to in Article 12.1 between the Third-Party Purchaser and the Investors (excluding persons who have waived their right to receive an offer), the question may be referred by such Investors to the Auditors in accordance with Article 12.5 and, pending its determination, the sale, transfer or other disposition referred to in Article 12.1 shall have no effect.
- 12.5 Any such dispute relating to the Specified Price or its cash equivalent shall be decided by the Auditors in accordance with such principles and procedures as they deem fit. The Auditors shall act as experts and not as arbitrators and their decision shall be final and binding. The Investors who refer the question to the Auditors shall pay half of the fees of the Auditors in acting pursuant to this Article 12.5 and the other half shall be paid by Company, or, if this is unlawful, by the relevant Investors.
- 12.6 If any part of the Specified Price is payable otherwise than in cash any Investor may require, as a condition of its acceptance the offer made under this Article 12, to receive in cash on transfer all or any of the price offered for the shares sold by it pursuant to the offer.
- 12.7 If the Third Party Purchaser shall fail to serve a notice or make an offer in accordance with Article 12.1 (or, if and to the extent that the offer is accepted, the Third Party Purchaser shall fail to complete the purchase of any shares pursuant to the offer) he (and any member with whom he is acting in concert) shall cease to have any rights to vote or to receive dividends in respect of all the shares held by them and the directors may where relevant refuse to register the transfer of the shares acquired by the Third Party Purchaser which give rise to the obligations under Article 12.1 and may require the Third Party Purchaser to serve a Sale Notice in accordance with Article 10 in respect of all or any of the shares held by him.
- 12.8 Save in respect of Article 12.7, Article 10 shall not apply to transfers of shares made under this Article 12.

13 Compulsory Transfer

- 13.1 This Article 13 applies in the event of:
- (a) an Ordinary Shareholder ceasing for any reason to be an employee or director of any company in the Group (and not in such circumstances remaining as a director or employee of any other Group Company); or
 - (b) the death of a member;
 - (c) a member being declared bankrupt pursuant to the Insolvency Act 1986;
 - (d) in the case of shares which have been transferred as a Permitted Transfer pursuant to Articles 9.2 or 9.5 being required pursuant to Articles 9.4 or 9.5 to be transferred back (Article 9.4) or transferred to another member of a group

(Article 9.5) and such transfer not being effected in the timescales respectively envisaged by such Articles.

13.2 Where a Sale Notice is given by a member under Article 10 or deemed given by a member under Article 13.1, a Sale Notice shall also be deemed to have been given in the same terms and manner:

- (a) by personal representatives, trustees in bankruptcy, liquidator, receiver or administrator in respect of all the shares in the Company held by them at the date of the relevant event;
- (b) by each Family Member of that member and each trustee of a Family Trust for that member in respect of all the shares in the Company held by them at the date of the relevant event and by any other person in respect of the shares held by him at the date of the relevant event which he acquired by one or more transfers which were permitted transfers; and
- (c) any other person in respect of the shares held by that person as at the date of the relevant event which he acquired by one or more transfers which were Permitted Transfers under the terms of Article 9.

13.3 Within three months after the occurrence of an event specified in Article 13.1, an Investor Director may, after consultation with the Board, serve notice requiring the relevant member (or his personal representatives in the case of his death) and any transferee of the such member under Article 9 ("**Compulsory Seller**") to offer some or all of their shares including any shares which have been transferred pursuant to Articles 9.2 or 9.5 ("**Compulsory Sale Shares**") either (as that Investor Director may require):

- (a) to a New Manager;
- (b) to an Employee Trust (in which case such a trust shall then be constituted by the Company in such form as is required or approved by an Investor Director, unless it already exists in such form as has already been approved by an Investor Director);
- (c) to the Company; or
- (d) in accordance with the order specified in the table in Article 10.4(c).

13.4 In the event that an Investor Director requires the Compulsory Sale Shares to be offered to a Warehouse, the Company shall fund the acquisition of the Compulsory Sale Shares by the Warehouse subject to such funding being lawful and the Company shall procure so far as it is able that such funding is if necessary approved pursuant to the provisions of sections 155 to 158 CA 1985. Any Compulsory Sale Shares acquired by the Warehouse will at any time subsequently and when so required by an Investor Director be transferred free of the pre-emption provisions contained in Article 10 to any New Manager at such price as an Investor Director may approve. An Investor Director may at any time thereafter require that some or all of the Compulsory Sale Shares be offered by the Warehouse in accordance with the order

specified in Article 10.4(c) whereupon the following provisions of this Article 13 shall apply as if the Warehouse were the Compulsory Seller.

13.5 The Compulsory Seller shall offer his Compulsory Sale Shares to the offerees in accordance with Article 10 and this Article 13 free from all liens, charges and encumbrances and together with all rights attaching to them on the terms set out in this Article 13.

13.6 The price for Compulsory Sale Shares shall be the price agreed between the Compulsory Seller and an Investor Director or, if they do not agree a price within 14 days of that Investor Director's notification under Article 13.3, as determined under Articles 13.7 to 13.10 (inclusive).

13.7 For the purposes of Article 13.6, the price for the Compulsory Sale Shares shall be:

- (a) if the Compulsory Seller shall be a Good Leaver, Market Value;
- (b) if the Compulsory Seller shall be a Bad Leaver (other than by virtue of the circumstances set out at 13.8(a) (A) to (E)) and gives or is deemed to have given a Transfer Notice within the period set out in column 1 of the table below, the price at which his shares shall be offered shall be that set out in column 2 of the table below:

Period since shares acquired by Compulsory Seller	Price at which shares are to be offered
Within first year	Lower of (a) £10.00 per share ("COA") or (b) Market Value
Within second year	Lower of (a) aggregate of COA and one third of increase in value, or (b) Market Value
Within third year	Lower of (a) aggregate of COA and two thirds of increase in value, or (b) Market Value
Thereafter	Market Value

- (c) if the Compulsory Seller shall be a Bad Leaver other than as described at (b) above, the price at which his shares shall be offered shall be the lower of COA and Market Value.

13.8 For the purposes of Article 13.7:

- (a) "Good Leaver" shall mean a person who becomes a Compulsory Seller:
 - (i) as a result of death;
 - (ii) as a result of disability or ill health; or

- (iii) as a result of retirement at normal retirement age; or
- (iv) his redundancy;
- (v) his dismissal where such dismissal is found by a court or tribunal of competent jurisdiction to have been unfair (other than where such dismissal is found to be unfair by virtue of a procedural and/or technical reason) or wrongful;
- (vi) because he is employed by a subsidiary or business of the Group which is sold or otherwise disposed of;
- (vii) after the third anniversary of the date of adoption of these Articles

save where that Compulsory Seller:

- (A) has been declared bankrupt pursuant to the Insolvency Act 1986; or
- (B) has been disqualified from acting as a company director; or
- (C) has committed fraudulent conduct or gross misconduct or whose employment with the Company has been summarily terminated in accordance with the terms of his employment or engagement; or
- (D) has breached the restrictive covenants contained in paragraphs 7 to 11 (inclusive) of Schedule 3 of the Investment Agreement or the restrictive covenants contained in his or her agreement for services with the Company (as appropriate); or
- (E) has been dismissed (without compensation) on one of the grounds set out clause 14.1 of the Investment Agreement

in which event the Compulsory Settler shall be a Bad Leaver at all times save that an Investor Director may, in his absolute discretion, decide that any Compulsory Seller who would otherwise be a Bad Leaver is a Good Leaver; and

"Bad Leaver" shall mean any person other than a Good Leaver, who ceases to be a director or employee of the Company and is no longer a director and employee of any Group Company; and

"Market Value" shall be:

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

where

SS	=	the relevant Compulsory Sale Shares
ES	=	the aggregate number of Equity Shares
MV	=	the market value as determined in accordance with Article 13.9.

- 13.9 At the Board's discretion at any time or if there is a Compulsory Seller, the Auditors shall be instructed to give their opinion of the fair market value of the Equity Shares as if one class sold on the open market (and therefore taking no account of the different rights attaching to the Preferred Ordinary and the Ordinary Shares and no account of whether the shares constitute a minority interest) and on the basis of a willing vendor and a willing purchaser taking into account all such factors as the auditors may deem relevant. The fees of the Auditors in acting pursuant to this Article 13.9 shall be borne and paid in such manner as the Auditors shall think fit, and in the absence of such determination by the Compulsory Seller. When considering the factors which are relevant the Auditors shall take into account any arrears in dividends or repayments under the Investor Notes, any proposals or plans for the Company (including the timing of any actual or prospective Exit), the fact that the Group will continue as a going concern and the make up of the on-going management of the Company. If any difficulty shall arise in applying any of the foregoing considerations, such difficulty shall be resolved by the Auditors in such manner as they shall in their absolute discretion think fit and they shall be deemed to give their opinion and to resolve any such difficulty acting as experts and not arbitrators and their decision as to any matter referred to them for determination shall be final and binding in all respects on the parties and shall not in the absence of manifest error be subject to question on any ground whatsoever.
- 13.10 If the Compulsory Seller does not agree with the statement of fair value determined pursuant to Article 13.9 above and to the extent that any such matter in dispute has not been resolved within 21 days after notification of such fact by the Compulsory Seller to the Board, then such matter or matters (but no other matters) shall thereupon be referred to such firm of independent chartered accountants as LDC and, the Board and the Compulsory Seller shall agree or, failing such agreement as the president for the time being of the Institute of Chartered Accountants in England and Wales may nominate on the application of LDC or the Board or the Compulsory Seller ("**the Independent Accountants**") for determination on the basis as set out in Article 13.9 and as follows:
- (a) the Independent Accountants shall be instructed to notify the Board of their determination of any such matter within 21 days of such referral;
 - (b) in making their determination the Independent Accountants shall act as experts and not as arbitrators, their decision as to any matter referred to them for determination shall be final and binding in all respects on the parties and shall not be subject to question on any ground whatsoever; and
 - (c) the fees and expenses of the Independent Accountants shall be borne and paid in such manner as the Independent Accountants shall think fit, and in the absence of such determination by the Company.

- 13.11 Within seven days after the price has been agreed or certified:
- (a) the Company shall notify the Compulsory Seller of the names and addresses of the offerees and the number of Compulsory Sale Shares to be offered to each;
 - (b) the Company shall notify each offeree of the number of Compulsory Sale Shares on offer to him; and
 - (c) the Company's notices shall specify the price per share and state a date, between seven and fourteen days later, on which the sale and purchase of the Sales Shares is to be completed ("**Completion Date**").
- 13.12 By the Completion Date, the Compulsory Sellers shall deliver stock transfer forms for the Compulsory Sale Shares, with the relevant share certificates to the Company. On the Completion Date and provided that the offerees have put the Company in the requisite funds, the Company shall pay the Compulsory Seller, on behalf of each of the offerees, the agreed or certified price for the Compulsory Sale Shares. The Company's receipt for the price shall be a good discharge to the offerees.
- 13.13 To the extent that offerees have not, by the Completion Date, put the Company in funds to pay the agreed or certified price, the Compulsory Sellers shall be entitled to the return of the stock transfer forms and share certificates for the relevant Compulsory Sale Shares and the Compulsory Sellers have no further rights or obligations under this Article 13 in respect of the Compulsory Sale Shares.
- 13.14 If a Compulsory Seller fails to deliver stock transfer forms for Compulsory Sale Shares to the Company by the Completion Date, and provided that the offeree has, by the Completion Date, put the Company in funds to pay the agreed or certified price for the Compulsory Sale Shares offered to him the directors may (and shall, if requested by an Investor Director) authorise any director to transfer the Compulsory Sale Shares on the Compulsory Seller's behalf to each offeree. The directors shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Compulsory Seller shall surrender his share certificate for the Compulsory Sale Shares to the Company. On surrender, he shall be entitled to the agreed or certified price, without interest, for the Compulsory Sale Shares.
- 13.15 While shares are Compulsory Sale Shares by virtue of Article 13.2 they may not be transferred under Articles 9 or 10.
- 13.16 Any obligation to transfer shares in accordance with the pre-emption table set out in Article 10.4(c) may, unless an Investor Director shall otherwise determine, be satisfied by the Company purchasing such shares at the value determined pursuant to Article 13.6 out of the proceeds of a fresh subscription for shares by the proposed transferee (as per the table set out in Article 10.4(c)) at Market Value or, if greater, their nominal value, such that the purchase will be effected by the Company out of the proceeds of a fresh issue of shares by the Company.
- 13.17 As an alternative to requiring the Compulsory Seller to offer some or all of his shares pursuant to Article 13.2, an Investor Director may, with the consent of all members other than the Compulsory Seller, require the Compulsory Seller to offer his shares for

purchase by the Company at the price referred to in Article 13.6. In such event the Compulsory Seller shall offer his shares in the same manner and subject to the same conditions as set out in Article 13.4 to 13.11, save that the timetable for completion of the sale and purchase of such shares shall be such timetable as the Company requires and an Investor Director approves to enable the Company to comply with all requisite provisions of CA 1985 in relation to such sale and purchase.

- 13.18 In the event of a Compulsory Seller who would otherwise be a Bad Leaver being treated as a Good Leaver following a decision by an Investor Director as envisaged by Article 13.8, then the Company shall not be obliged to pay the amount payable on the Compulsory Sale Shares over and above that which would be payable had the Compulsory Seller been a Bad Leaver (as determined by this Article 13) until an Exit has occurred.
- 13.19 Each Compulsory Seller hereby irrevocably appoints the Company as his attorney (with the power to appoint any member of the Board as a substitute and to delegate to that substitute all or any power hereby conferred, other than this power of substitution, as if he had been originally appointed by this power of attorney) to give effect to any and all of the provisions of this Article 13.

14 Sale Proceeds

- 14.1 Upon an Exit the total of all consideration receivable by all shareholders shall be reallocated between them so as to ensure the order of application of the aggregate Exit proceeds as follows:
- (a) firstly, in paying to the holders of the Preferred Ordinary Shares the subscription price on each of such shares together with all arrears of dividend and other amounts due or owing on such shares and in respect of the Investor Notes, the redemption of the nominal amount of such notes, together with any arrears or accruals of interest and any other amounts due owing on such notes;
 - (b) secondly, in paying to the holders of the Ordinary Shares the subscription price on each of such shares together with all arrears of dividend and other amounts due or owing on such shares; and
 - (c) thirdly, in paying the balance pro-rata to the holders of the Equity Shares.

15 General Meetings

- 15.1 Regulation 37 of Table A shall be modified by the deletion of the words "eight weeks" and the substitution for them of the words "28 days" and by the insertion of the words "or an Investor Director acting alone" after the second word of that regulation.
- 15.2 A corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise such a person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company. The person so authorised is entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member.

- 15.3 A poll may be demanded by the chairman or by any member present in person or by proxy and entitled to vote and Regulation 46 of Table A shall be modified accordingly.
- 15.4 Where an ordinary resolution of the Company is expressed to be required for any purpose, a special or extraordinary resolution is also effective for that purpose, and where an extraordinary resolution is expressed to be required for any purpose, a special resolution is also effective for that purpose.
- 15.5 Regulation 53 of Table A shall be modified by the addition at the end of the following sentence: "If a resolution in writing is described as a special resolution or as an extraordinary resolution it shall have effect accordingly".
- 15.6 Regulation 57 of Table A shall be modified by the inclusion after the word "shall" of the phrase "unless the directors otherwise determine".
- 15.7 Regulation 59 of Table A shall be modified by the addition at the end of the following sentence: "Deposit of an instrument of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it".
- 15.8 Regulation 62 of Table A shall be modified by the deletion in paragraph (a) of the words "deposited at" and by the substitution for them of the words "left at or sent by post or facsimile transmission to", by the substitution in paragraph (a) of the words "one hour" in place of "48 hours" and by the substitution in paragraph (b) of the words "one hour" in place of "24 hours".
- 15.9 The Chairman shall not be entitled to exercise any second or casting vote. Regulation 50 shall not apply.

16 Number of Directors

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

17 Alternate Directors

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

only be counted once in deciding whether a quorum is present.

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

18 Appointment, retirement and removal of Directors

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

19 Investor Director, Chairman & Observer

- 19.1 The Investors shall have the right to have two nominees of their choice appointed to act as directors of the Company or any Group Company (each) an "Investor Director") in addition to their right under Article 19.5 to appoint a Chairman. Such right may be exercised from time to time by written notice to the Company and the Investors may also remove any such director and appoint a replacement by written notice to the Company.
- 19.2 An Investor Director shall not be:
- (a) required to hold any share qualification;
 - (b) subject to retirement by rotation; nor
 - (c) removed from office except by the Investors in accordance with Article 19.1.
- 19.3 An Investor Director shall be entitled to attend and address all board, committee and shareholder meetings of each Group Company and the Managers shall ensure that an Investor Director is given at least 5 working days prior notice of such meetings together with all appropriate notices, agendas and papers prepared for such meetings or distributed to any of the Managers or any shareholder and/or director of any Group Company in respect of the relevant meeting.
- 19.4 Following the appointment of an Investor Director, no business shall be transacted at any board, committee or shareholder meeting of any Group Company except that specified in the agenda for such meeting unless an Investor Director is present and agrees to the transaction of such other business. An Investor Director shall be permitted to bring an adviser to any such meeting to advise in relation to any matter which may arise.
- 19.5 In addition to their rights under Article 19.1, the Investors shall consult with the

Ordinary Shareholders as to the identity of the Chairman, and failing agreement within 3 months shall have the right from time to time by written notice to the Company to appoint a Chairman to the Board and to the board of any Group Company. The Investors may also remove any such Chairman and appoint a replacement by written notice to the Company.

19.6 The Investors shall have the right from time to time by written notice to the Company to appoint an observer to the Company in addition to any Investor Director ("**the Observer**"). The Company will:

- (a) provide the Observer with at least 5 clear working days' notice prior to the holding of all meetings of the Board and of the members of the Company and any Group Company together with copies of all appropriate notices, agendas and papers prepared for such meetings or distributed to any of the members or directors of the Company or any Group Company in respect of such meetings; and
- (b) allow the Observer to attend all meetings of the Board and of members of the Company and any Group Company and to speak at such meetings.

19.7 Any Observer shall not be a director of the Company or of any Group Company and shall not be entitled to vote at any meeting he attends.

19.8 Notice of meetings of the Board shall be served on any Investor Director who is absent from the United Kingdom at the address notified by him to the Company for this purpose. Regulation 88 of Table A shall be modified by the exclusion of the third sentence and the substitution for it of the following sentence: "Every director shall receive notice of a meeting, whether or not he is absent from the United Kingdom. A director may waive the requirement that notice be given to him of a board meeting either prospectively or retrospectively".

20 Disqualification and removal of Directors

20.1 The office of a director shall be vacated if:

- (a) he ceases to be a director by virtue of any provision of CA 1985 or he becomes prohibited by law from being a director;
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (c) he becomes, in the opinion of all co-directors, incapable by reason of mental disorder of discharging his duties as director;
- (d) he resigns his office by notice in writing to the Company; or
- (e) (save for the Investor Director) he has for more than six consecutive months been absent from meetings of directors held during this period and his alternate director (if any) has not during such period attended any such meetings instead of him, and the directors resolve that his office be vacated.

- 20.2 A person voting against a resolution under section 303 CA 1985 to remove an Investor Director is deemed, in respect of that resolution, to have five times the votes of a person voting in favour of the resolution and Regulation 54 of Table A is modified accordingly.

21 Proceedings of Directors

- 21.1 The quorum for the transaction of business of the Board shall be two directors, one of whom shall be an Investor Director (or his alternate), in person or by proxy.
- 21.2 Save with the consent of an Investor Director:
- (a) the Board shall not delegate any of its powers to a committee; and
 - (b) meetings of the Board shall not be held outside the United Kingdom.
- 21.3 The chairman of the Board shall not have a second or casting vote at a meeting of the Board. The fifth sentence of regulation 88 shall not apply.
- 21.4 Any director or his alternate may validly participate in a meeting of the directors or a committee of directors through the medium of conference telephone or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. Subject to CA 1985, all business transacted in this way by the directors or a committee of the directors is for the purposes of the Articles deemed to be validly and effectively transacted at a meeting of the directors or of a committee of the directors although fewer than two directors or alternate directors are physically present at the same place. The meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.
- 21.5 Meetings of the Board shall take place no less frequently than once per calendar month and at least five working days' notice shall be given to each director provided that with the consent of a majority of the directors, including the prior written consent of an Investor Director, board meetings may be held less frequently and convened on less notice.
- 21.6 A director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or proposed contract (within the meaning of section 317 CA 1985) with the Company shall declare the nature of his interest at a meeting of the Board or of any committee of the Board in accordance with that section. Subject where applicable to such disclosure a director may vote at any such meeting on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company. Regulations 94 and 95 shall not apply.
- 21.7 Subject to Article 21.8, provided that a director has disclosed his interest in accordance with section 317 CA 1985, a director may vote at a meeting of directors or of a committee of directors on any resolution concerning a matter in which he has,

directly or indirectly, an interest or duty save that any director who holds Ordinary Shares shall not be entitled to vote on any matter relating to a claim relating to the Acquisition. The director shall be counted in the quorum present when any such resolution is under consideration and if he is entitled to vote his vote shall be counted.

- 21.8 Notwithstanding any other provisions of these Articles, none of the directors who are Managers (as that term is defined in the Investment Agreement) shall be entitled to vote on any matter concerning the conduct of any proceedings relating to any claim by the Company in respect of the Acquisition.

22 Borrowing powers of Directors

- 22.1 The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to CA 1985, to issue debentures. The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (but as regards subsidiaries only in so far as by the exercise of such rights or powers of control the Board can secure) that the aggregate amount from time to time outstanding of all Group Borrowings shall not without the previous consent in writing of an Investor Director exceed £40,300,000 such figure to reduce pro rata in accordance with all or any amounts permanently redeemed or repaid in respect of the Financial Facilities and, the Investor Notes from time to time.
- 22.2 No lender or other person dealing with the Company shall be concerned to see or inquire whether the limit imposed by this Article 22 is observed and no borrowing incurred or security given in excess of such limit shall be invalid or ineffectual, except in the case of express notice to the lender or the recipient of the security at the time when the borrowing was incurred or security given that the limit hereby imposed had been or was thereby exceeded.

23 Notices

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

on behalf of one or more shareholders.

24 Indemnity

- 24.1 Subject to the provisions of CA 1985, but without prejudice to an indemnity to which he may otherwise be entitled, every director, alternate director or secretary of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him in the proper execution of his duties or the proper exercise of his powers, authorities and discretions including a liability incurred defending proceedings (whether civil or criminal) in which judgment is given in favour or in which he is acquitted or which are otherwise disposed of without a finding or admission of material breach of duty on his part, or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company. Regulation 118 shall be extended accordingly.

25 Capitalisation

- 25.1 The Board may with the authority of an ordinary resolution of the Company and with any necessary consent to the variation of the class rights attaching to the Preferred Ordinary Shares and the Ordinary Shares:
- (a) resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and
 - (b) resolve to appropriate the sum resolved to be capitalised pursuant to (a) above and apply such sum in favour of such person or persons as agreed by the shareholders of the Company by way of ordinary resolution in or towards paying up in full at par value unissued shares of such class as are approved by the shareholders of the Company by way of ordinary resolution in the share capital of the Company and to allot such shares credited as fully paid to such members; and
 - (c) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they shall determine in the case of shares becoming distributable under this Article 25 in fractions.