

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

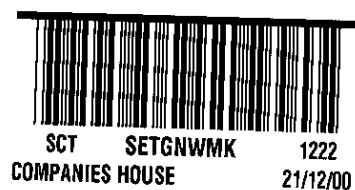
OF

Wm. MCKINNON & CO LIMITED

Registered No. SC75153

Incorporated 10 June 1981

**Adopted by Written Resolution
Dated 14 December 2000**

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

The Companies Acts 1985 and 1989

Private Company Limited by Shares

ARTICLES OF ASSOCIATION

of

Wm. McKINNON & CO. LIMITED

(Adopted by Written Resolution passed on 13 December, 2000)

Interpretation

1.1 In these Articles, if not inconsistent with the subject or context:

“AAM”	means Aberdeen Asset Managers Limited, 1 Albyn Place, Aberdeen;
“AAM Group”	means AAM, any subsidiary or holding company of AAM and any company or fund of which AAM, or any subsidiary or holding company of AAM, is, from time to time, manager and “member of the AAM Group” shall be construed accordingly;
“Accounts”	means audited consolidated accounts of the Company and its subsidiary undertakings prepared in accordance with the Act all FRSS, SSAPs and subject thereto generally accepted accounting practice in the United Kingdom;
“Act”	means the Companies Act 1985, as amended or re-enacted from time to time;
“Adjusted Net Profit”	means the aggregate of (a) the consolidated profit after tax of the Company and its subsidiary undertakings for a financial year, as disclosed in the audited consolidated profit and loss account of the Company and its subsidiary undertakings for the year in question, and (b) the profits after tax attributable to the Company’s interests in all joint ventures or other associated operations, including its interests in the share capital of McKinnon India Private Limited (registered in Tamilnadu, India

under number 181-4454 of 1993) McKinnon Africa Private Limited (registered in Zimbabwe) and McKinnon de Centroamerica (registered in Guatemala under number 3/043, folio 173 of book 127 of mercantile companies) but adjusted and restated (if and to the extent necessary) by adding back any amounts charged in the year in question in respect of the amortisation of goodwill;

- “A Ordinary Shares” means the A Ordinary Shares of £1 each in the capital of the Company;
- “A Ordinary Shareholder” means a Member who holds A Ordinary Shares in his capacity as a holder of A Ordinary Shares and not in his capacity as a holder of any other class of Shares;
- “B Ordinary Shares” means the B Ordinary Shares of £1 each in the capital of the Company;
- “B Ordinary Shareholder” means a Member who holds B Ordinary Shares in his capacity as a holder of B Ordinary Shares and not in his capacity as a holder of any other class of Shares;
- “Board” means the board of directors of the Company or a duly constituted committee thereof;
- “connected person” means in respect of any person (“the First Person”):
- (a) any person or persons connected with the First Person within the definition of connected persons contained in Section 839 of the Income and Corporation Taxes Act 1988; and
 - (b) any person (including any person so connected with such a person) by whom the First Person is employed or to whom the First Person is a consultant;
- “C Ordinary Shares” means the C Ordinary Shares of £1 each in the capital of the Company;
- “C Ordinary Shareholder” means a Member who holds C Ordinary Shares in his capacity as a holder of C Ordinary Shares and not in his capacity as a holder of any other class of Shares;

“a Controlling Interest”	shall mean an interest in shares in a company conferring in the aggregate 50% or more of the total voting rights conferred by all the issued shares in that company;
“D Ordinary Shares”	means the D Ordinary Shares of £1 each in the capital of the Company;
“D Ordinary Shareholder”	means a Member who holds D Ordinary Shares in his capacity as a holder of D Ordinary Shares and not in his capacity as a holder of any other class of Shares;
“Family Trust”	<p>in relation to a Settlor means a trust which does not permit any of the settled property or the income therefrom to be applied otherwise than for the benefit of:</p> <ul style="list-style-type: none"> (a) that Settlor and/or a Privileged Relation of that Settlor; or (b) any charity or charities as default beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the settled property or the income therefrom when the trust is created but may become so interested if there are no other beneficiaries from time to time except another such charity or charities); <p>and under which no power of control is capable of being exercised over the votes of any shares which are the subject of the Trust by any person other than the trustees or the Settlor or the Privileged Relations of the Settlor;</p>
“Good Leaver”	means a Leaver who shall have become a Leaver as a result of his retirement (aged 60 or over), death, injury, disability or ill-health or the termination of his employment in circumstances constituting wrongful dismissal;
“the Group”	means the Company and its subsidiaries from time to time and “member of the Group” shall be construed accordingly;
“Index Linked”	means adjusted annually on 1 January each year for the following period of 12 months

commencing on 1 January, 2002 by a percentage equal to the percentage increase in the Retail Price Index published by the UK Government for the proceeding 12 months except that the first increase shall be made by reference to the period from the first day of the month in which Completion Date is to 31 December, 2001;

- “Leaver” means any holder of Shares who is employed by or is a director of any member of the Group and who ceases to be a director or employee of any member of the Group and does not continue as a director or employee of any other member of the Group. For this purpose, a consultant shall be deemed to be an employee and references in these Articles to cessation of employment include cessation of consultancy;
- “Member” means a member of the Company;
- “Original Member” means William Alexander Cameron of 18 Primrosehill Avenue, Cults, Aberdeen or Mary McKay Cameron of 18 Primrosehill Avenue, Cults, Aberdeen, William Alexander Cameron Accumulation and Maintenance Trust or Mary McKay Cameron Accumulation and Maintenance Trust both c/o 100 Union Street, Aberdeen;
- “Paid Up” means paid up or credited as paid up and “Paid Up Amount” in respect of any Share includes the amount of any premium paid on such Share;
- “Privileged Relation” *in relation to a Member means the spouse or widow or widower of the Member and the Member’s children and grandchildren (including step and adopted children and their issue) and step and adopted children of the Member’s children;*
- “Relevant Directors” means the Company’s directors and former directors and their respective connected persons but excluding any director appointed pursuant to Article 6.4;
- “Relevant Rate” means two per centum per annum above the base rate from time to time of Clydesdale Bank plc;

“Settlor”	includes a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased member;
“Share”	means any share in the capital of the Company;
“Table A”	means Table A in the Schedule to the Companies (Tables A-F) Regulations 1985.

- 1.2 In these Articles words and expressions defined in the Act shall bear the same meanings herein.

Table A

2. The regulations contained in Table A apply to the Company except in so far as they are excluded by or inconsistent with these Articles.
3. Regulations 2, 8, 17, 23, 24, 32(a), 39, 40, 41, 50, 64, 65, 73 to 80 inclusive, 89, 94, 97 and 118 of Table A do not apply to the Company.

Issue of Share capital

- 4.1 The provisions of sections 89(1) and 90(1) to (6) of the Act do not apply to the Company.
- 4.2 No unissued shares in the present or any increased capital of the Company may be allotted to any person on any terms requiring payment wholly in cash unless the Company has made an offer to each shareholder to allot to him on the same or more favourable terms a proportion of those shares which is as nearly as practicable equal to the proportion of the issued equity share capital of the Company held by him and either the period during which such offer may be accepted (being not less than 14 days) has expired or the Company has received notice of the acceptance or refusal of every offer so made.
- 4.3 No unissued shares in the present or any increased capital of the Company may be allotted to any person on any terms requiring payment otherwise than in cash unless such allotment has been approved by a special resolution of the holders of the issued A Ordinary Shares (as a class) or by written consent of the holders of at least three-fourths in nominal value of the issued A Ordinary Shares (as a class).

Share Capital

5. The capital of the Company (at the date of adoption of these Articles) is £57,388 divided into 17,737 A Ordinary Shares of £1 each, 16,047 B Ordinary Shares of £1 each, 8,604 C Ordinary Shares of £1 each and 15,000 D Ordinary Shares of £1 each.

Share Rights

6. The rights and restrictions attaching to the Shares are as follows:-

6.1 *Income*

6.1.1 (a) First, there shall be payable to the holders of the C Ordinary Shares as a class a cumulative preferential net cash dividend (the "Participating Dividend") in respect of each financial year of the Company commencing with the financial year ending on 31 December 2000 of a sum equal to 5% of the Adjusted Net Profit for the financial year in question.

(b) Subject to the Act, the Participating Dividend shall be paid without any resolution of the Directors or the Company in general meeting and shall become a debt due by the Company on the earlier of (i) the tenth business day following the general meeting at which the Accounts are presented to the Members for the financial year in question and (ii) the first business day falling more than four months after the end of such financial year ("the Payment Date").

(c) In the event of the profits of the Company available for distribution at any time being insufficient to cover the amount of the Participating Dividend, the profits available as aforesaid shall be applied towards payment of the Participating Dividend and the amount of the shortfall (together with interest, if any, at the rate specified in Article 6.1.2(d)) shall be paid out of subsequent profits available for distribution and that prior to any subsequent Participating Dividend and all dividends payable on all other classes of shares in the capital of the Company.

(d) In the event that any Participating Dividend is not paid on the Payment Date then such sum shall become forthwith a debt due by the Company and interest shall accrue on the amount of such dividend at the Relevant Rate.

6.1.2 (a) Second, there shall be paid to the holders of the C Ordinary Shares as a class in respect of each financial year of the Company a cumulative preferential net cash dividend (the "Compensatory Dividend") of an amount equal to the amount of any emoluments payable in respect of the relevant financial year to Relevant Directors after deducting income tax at the basic rate on such excess sum.

(b) Subject to the Act, the Compensatory Dividend shall be paid without any resolution of the Directors or the Company in general meeting on the Payment Date, contemporaneously with payment of the Participating Dividend.

6.1.3 (a) Subject to and conditional upon payment in full of the Participating Dividend and the Compensatory Dividend and any and all arrears of

the Participating Dividend and/or the Compensatory Dividend (together with any associated interest) there shall be payable to the holders of the A Ordinary Shares, the B Ordinary Shares and the D Ordinary Shares (*pari passu* as if the same constituted a single class of shares) a non-cumulative preferential net cash dividend (the "Ordinary Dividend") in respect of each financial year of the Company commencing with the financial year ending on 31 December 2000 of a sum equal to 28.3% of the consolidated profit after tax of the Company and its subsidiary undertakings for the financial year in question.

- (b) Subject to the Act, and to payment having been effected of all Participating Dividends and Compensatory Dividends, including any and all arrears thereof and any associated interest, the Ordinary Dividend shall be paid without any resolution of the Directors or the Company in general meeting on the Payment Date.
- (c) In the event of the profits of the Company available for distribution at any time being insufficient to cover the amount of the Ordinary Dividend, no Ordinary Dividend shall be due or payable in respect of the financial year in question.

6.1.4 Subject to and conditional upon payment in full of the Participating Dividend and the Compensatory Dividend and any and all arrears thereof (together with any associated interest) and to and upon payment in full of the Ordinary Dividend for the year in question, no further or other dividend may be declared, paid or distributed, either by the directors or pursuant to a resolution of the members in general meeting or by a written resolution, in respect of any financial year unless the declaration, payment or distribution of such further or other dividend is first approved by a special resolution of the holders of the issued A Ordinary Shares (as a class) or by written consent of the holders of at least three-fourths in nominal value of the issued C Ordinary Shares (as a class). Any such further or other dividend which is so approved and thereafter declared or paid shall be distributed among the holders of all of the issued equity share capital of the Company *pari passu* as if the same constituted a single class of shares, *pro rata* according to the number of Paid Up equity shares respectively held by them.

6.2 Capital

On a return of assets on liquidation, reduction of capital or otherwise, the surplus assets of the Company remaining after the payment of its liabilities shall be applied as follows:-

6.2.1 A Ordinary Shares

First, in paying to the holders of the C Ordinary Shares then in issue (if any) a sum equal to the Paid Up Amount in respect of each C Ordinary Share held by

them respectively, together with a sum equal to any arrears, deficiency or accruals of the Participating Dividend and/or the Compensatory Dividend (together with any associated interest).

6.2.2 A Ordinary Shares, B Ordinary Shares and D Ordinary Shares

Second, and subject to Article 6.2.1, in paying to the holders of the A Ordinary Shares and to the holders of the B Ordinary Shares and to the holders of the D Ordinary Shares then in issue (if any) *pari passu* as if the same constituted a single class of shares, a sum equal to the Paid Up Amount in respect of each A Ordinary Share or B Ordinary Share or D Ordinary Share held by them respectively.

6.2.3 Surplus

The balance of such assets shall be distributed amongst the holders of the A Ordinary Shares, the B Ordinary Shares, the C Ordinary Shares and the D Ordinary Shares (*pari passu* as if the same constituted a single class of shares) *pro rata* according to the Paid Up Amount in respect of each such share.

6.3 *Appointment of Directors*

6.3.1 The holders from time to time of more than 50% by nominal amount of the issued C Ordinary Shares may by notice in writing expressed to be given pursuant to this Article 6.3.1 addressed to the Company and delivered to its registered office appoint one person as a director of the Company (herein referred to as the "C Director") and remove such person so appointed and appoint another person in his place.

6.3.2 Any C Director appointed pursuant to Article 6.3.1 shall be entitled to all notices and to exercise voting rights and in all other respects enjoy the same rights, powers and privileges as the other directors save that:-

- (a) such a director shall be entitled to receive remuneration (plus VAT if applicable) and reasonable expenses payable by the Company and the amount of the remuneration shall be such sum as may be agreed between him and the Company or failing agreement such reasonable sum as shall be fixed by the holders of more than 50% by nominal amount of the C Ordinary Shares;
- (b) an alternate appointed by such a director need not be approved by the Board; and
- (c) such a director may disclose any information he receives as a director of the Company to the holders of the C Ordinary Shares and/or to the AAM Group or to their respective agents or professional or investment advisers.

6.3.3 On any poll or a resolution to amend or delete this Article 6.3, or to remove an C Director, every C Ordinary Share shall carry one million votes.

6.4 Observer

- 6.4.1 The holders of the C Ordinary Shares and AAM shall be entitled to receive notice of all Board meetings of the Company and may appoint a person (an "observer") who in addition to any C Director appointed pursuant to Article 6.3.1 shall be entitled to attend and speak at (but not vote) at such meetings. The appointment of an observer shall be made by the holders of more than 50 *per cent* by nominal amount of the holders of the C Ordinary Shares.

6.5 Voting

- 6.5.1 On a show of hands every shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative shall have one vote and on a poll every shareholder present or so represented shall have one vote for each ordinary share of which he is the registered holder.

Alteration of Share Capital

7. The powers of consolidation, division, sub-division and cancellation of the share capital of the Company conferred by regulations 32(b), (c) and (d) of Table A shall be exercised by Special Resolution.

Class Rights

- 8.1 Subject to the Act, all or any of the special rights for the time being attaching to any class of Shares may from time to time (whether by these Articles or otherwise and whether or not the Company is being wound up) be abrogated with the consent in writing of the holders of not less than three-quarters of the issued Shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of such Shares.
- 8.2 Without prejudice to the generality of this Article and to any and all other rights of the holders of the C Ordinary Shares (whether express or implied) the consent of the holders of the C Ordinary Shares as a class shall be required to, and accordingly the special rights attached to the C Ordinary Shares shall be deemed to be varied by:-
- 8.2.1 any alteration or reduction or increase of the authorised capital or issued capital of the Company or any of its subsidiaries; or
 - 8.2.2 any variation of the rights attached to any of the shares for the time being in the capital of the Company or any of its subsidiaries; or
 - 8.2.3 the passing of, or the calling of a meeting of the Company for the purpose of considering, a resolution for amending, or the passing of a resolution effecting the amendment of the Memorandum or Articles of Association of the Company; or

- 8.2.4 the calling of a meeting of the Company for the purpose of considering a resolution for the winding up of the Company or any of its subsidiaries or the passing of any such resolution; or
 - 8.2.5 the creation or grant of any option or other right to subscribe for shares or securities convertible into shares in the capital of the Company or any of its subsidiaries; or
 - 8.2.6 the entering into by the Company or any of its subsidiaries of any partnership, joint venture or profit sharing agreement or arrangement with any person; or
 - 8.2.7 the sale or disposal (and whether by one or a series of transactions) of the undertaking of the Company or of any of its subsidiaries or any substantial part thereof; or
 - 8.2.8 the repurchase or redemption by the Company or any of its subsidiaries (except in terms of Article 6.3) of or the giving of financial assistance by the Company or any of its subsidiaries in connection with the acquisition of or subscription for any shares for the time being comprised in the capital of the Company or any of its subsidiaries; or
 - 8.2.9 the alteration of the Accounting Reference Date of the Company or any of its subsidiaries; or
 - 8.2.10 the issue by the Company or any of its subsidiaries of any debenture stock; or
 - 8.2.11 the disposal of the beneficial interest in any share held by the Company or any subsidiary of the Company; or
 - 8.2.12 the Company or any of its subsidiaries entering into or varying any contract or agreement with any Relevant Director;
 - 8.2.13 the Company declaring or paying any dividend or other distribution save for any dividend or other distribution made pursuant to Articles 6.1.1 to 6.1.3 (inclusive).
9. To any separate general meeting of the holders of any class of Shares, all the provisions of these Articles as to general meetings shall apply *mutatis mutandis* but so that:
- 9.1 the necessary quorum shall be any person or persons holding or representing by proxy not less than one-half in nominal amount of the issued Shares of the class;
 - 9.2 every holder of Shares of the class shall be entitled on a poll to one vote for every such Share held by him;

- 9.3 any holder of Shares of the class present in person or by proxy may demand a poll; and
- 9.4 at any adjourned meeting of such holders one holder present in person or by proxy (whatsoever the number of Shares held by him) shall be a quorum and for the purpose of this Article one holder present in person or by proxy may constitute a meeting.

Lien

10. The Company shall have a first and paramount lien on every Share for all moneys (whether presently payable or not) called or payable at a fixed time and in respect of that share. The Company shall also have a first and paramount lien on all Shares registered in the name of any person (whether solely or jointly with others) for all moneys owing to the Company from him or his estate either alone or jointly with any other person, whether as a member or not and whether such moneys are presently payable or not. The directors may at any time declare any Share to be wholly or partly exempt from the provisions of this article. The Company's lien on a Share shall extend to any amount payable in respect of it.

Calls

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

Transfer of Shares

General Provisions

- 12.1 Save as permitted by this Article 12 no transfer of any Shares or any interest in Shares shall be made unless all of the shareholders agree in writing to such transfer. The directors shall be obliged to register a transfer of shares made in accordance with this Article 12, provided that it is presented to them for approval, duly stamped, together with the relative share certificate (or an indemnity in usual form in lieu thereof) but shall otherwise decline to register any transfer of shares.
- 12.2 No sale or transfer of the legal or beneficial interest in any shares in the Company may be made or validly registered without the previous written consent of the holders of 75% by nominal amount of the C Ordinary Shares.
- 12.3 The instrument of transfer of any share shall be executed by or on behalf of the transferor. In the case of a partly-paid share, the instrument of transfer must also be executed by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.

- 12.4 The restrictions on transfer contained in this Article 12 shall apply to any transfer of shares or of any interest in any shares, whether by operation of law, on death or otherwise.
- 12.4.1 Notwithstanding any other provisions in these Articles, any Original Member or Privileged Relation may at any time transfer (or by will bequeath or otherwise dispose of on death) all or any shares held by him to a Privileged Relation or to trustees to be held upon a Family Trust of which he is the Settlor.

Voluntary Transfers

12.5 A Ordinary Shares, B Ordinary Shares and D Ordinary Shares

- 12.5.1 Any A Ordinary Shareholder, B Ordinary Shareholder or D Ordinary Shareholder wishing to transfer any equity shares held by him (a "Proposing Transferor") shall give notice in writing of that fact to the Company (a "Transfer Notice"), stating the number and class of shares (the "Sale Shares") he wishes to sell and the price per Sale Share at which he is willing to sell the Sale Shares (the "Transfer Price"). A Transfer Notice shall constitute the Company as the agent of the Proposing Transferor to act in accordance with the following provisions of this Article 12.5.
- 12.5.2 A Transfer Notice (other than one deemed given in terms of Article 12.7) may be retracted by the Proposing Transferor (in respect of all but not some only of the Sale Shares and at any time prior to the allocation of the Sale Shares in accordance with Article 12.5.4 but not thereafter) by the Proposing Transferor giving written notice to that effect to the Company.
- 12.5.3 Upon receipt by the Company of a Transfer Notice which relates to equity shares (other than C Ordinary Shares) the Board shall forthwith give written notice to the A Ordinary Shareholders, the B Ordinary Shareholders and the D Ordinary Shareholders in the Company (other than the Proposing Transferor) of the Transfer Price inviting each such shareholder to state by notice in writing to the Company within 30 days thereafter whether he is willing to purchase any and, if so, what maximum number of the Sale Shares ("Maximum") he is willing to purchase at the Transfer Price. A person who pursuant to such a notice expresses a willingness to purchase Sale Shares at the Transfer Price is referred to below as a "Purchaser".
- 12.5.4 At the expiry of the said period of 30 days the Board shall allocate the Sale Shares to or amongst the Purchasers, such allocation in the case of competition to be made pro rata to the aggregate number of A Ordinary Shares or B Ordinary Shares or D Ordinary Shares held by each Purchaser, provided always that individual allocations shall not exceed the Maximum which the relevant Purchaser shall have expressed a willingness to purchase. The Board shall give written notice of such allocation to all members of the Company within 7 days of such allocation being made.

- 12.5.5 Upon such allocation being made the Purchasers to or amongst whom such allocation has been made shall be bound to pay the Transfer Price for, and to accept a transfer of, the Sale Shares so allocated to them respectively and the Proposing Transferor shall be bound upon payment of the Transfer Price to transfer such Shares to the respective Purchasers.
- 12.5.6 If in any case a Proposing Transferor, after having become bound to transfer Shares as aforesaid makes default in so doing the Company may receive the Transfer Price and the Board may appoint some person to execute instruments of transfer of such shares in favour of the Purchasers and shall thereupon subject to such transfers being properly stamped (if applicable) cause the names of the Purchasers to be entered into the register of members as the holders of the Shares and shall hold the Transfer Price in trust for the Proposing Transferor. The receipt of the Company therefor shall be a good discharge to the Purchasers and after the names shall have been entered in the register of members in exercise of the aforesaid power the validity of the transactions shall not be questioned by any person.
- 12.5.7 If at the expiry of the period of 30 days referred to in Article 12.5.3 above any of the Sale Shares have not been allocated in accordance with Articles 12.5.3 to 12.5.6 (inclusive), then the Board shall forthwith give written notice to the holders of the issued C Ordinary Shares of the Transfer Price of such shares ("the Remaining Shares") inviting each such shareholder to state by notice in writing to the Company within 30 days thereafter whether he is willing to purchase any and, if so, what maximum number of the Remaining Shares ("Maximum") he is willing to purchase at the Transfer Price. A person who pursuant to such a notice expresses a willingness to purchase Remaining Shares at the Transfer Price is referred to below as a "Secondary Purchaser".
- 12.5.8 At the expiry of the said period of 30 days following notice given pursuant to sub-Article 12.5.7 the Board shall allocate the Remaining Shares to or amongst the Secondary Purchasers, such allocation in the case of competition to be made pro rata to the number of C Ordinary Shares held by each Secondary Purchaser, provided always that individual allocations shall not exceed the Maximum which the relevant Secondary Purchaser shall have expressed a willingness to purchase. The Board shall give written notice of such allocation to all members of the Company within 7 days of such allocation being made.
- 12.5.9 Upon such allocation being made the Secondary Purchasers to or amongst whom such allocation has been made shall be bound to pay the Transfer Price for, and to accept a transfer of, the Remaining Shares so allocated to them respectively and the Proposing Transferor shall be bound upon payment of the Transfer Price to transfer such shares to the respective Secondary Purchasers.
- 12.5.10 If in any case a Proposing Transferor, after having become bound to transfer Shares as aforesaid makes default in so doing the Company may receive the Transfer Price and the Board may appoint some person to execute instruments of transfer of such Shares in favour of the Secondary Purchasers and shall thereupon subject to such transfers being properly stamped (if applicable)

cause the names of the Secondary Purchasers to be entered into the register of members as the holders of the Shares and shall hold the Transfer Price in trust for the Proposing Transferor. The receipt of the Company therefor shall be a good discharge to the Secondary Purchasers and after the names shall have been entered in the register of members in exercise of the aforesaid power the validity of the transactions shall not be questioned by any person.

12.5.11 If at the expiry of the period of 30 days referred to in sub-Article 12.5.7 any of the shares which are the subject of a Transfer Notice not been allocated in accordance with any of the preceding provisions of this Article 12.5 then:-

- (a) if the Transfer Notice in question was deemed given in accordance with Article 12.7, the Sale Shares not so allocated shall remain registered in the name of the Leaver (or, in the case of death or bankruptcy, shall be registered in the name of his personal representative or trustee in sequestration); and
- (b) in any other case, the Proposing Transferor may (at any time during the period of 30 days following the expiry of the period of 30 days referred to above, but subject always to Article 12.2) transfer all or some only of the Sale Shares not so allocated to any person at a price per Sale Share not less than the Transfer Price, and the directors shall be obliged to register and give effect to such a transfer upon the relevant share transfer form, duly stamped, and the relevant share certificate (or an indemnity in lieu in usual form) being presented to them.

12.6 C Ordinary Shares

12.6.1 Any C Ordinary Shareholder wishing to transfer any C Ordinary Shares (a "Proposing Transferor") shall give notice in writing of that fact to the Company (a "Transfer Notice"), stating the number of C Ordinary Shares (the "Sale Shares") he wishes to sell and the price per Sale Share at which he is willing to sell the Sale Shares (the "Specified Price"). A Transfer Notice shall constitute the Company as the agent of the Proposing Transferor to act in accordance with the following provisions of this Article 12.6.

12.6.2 A Transfer Notice (other than one deemed given in terms of Article 12.7) may be retracted by the Proposing Transferor (in respect of all but not some only of the Sale Shares and at any time prior to the allocation of the Sale Shares in accordance with Article 12.6.4 but not thereafter) by the Proposing Transferor giving written notice to that effect to the Company.

12.6.3 Upon receipt by the Company of a Transfer Notice the Board shall forthwith (or forthwith upon the determination of the Specified Price, where appropriate) give written notice to all of the C Ordinary Shareholders in the Company (other than the Proposing Transferor) of the Specified Price inviting each such shareholder to state by notice in writing to the Company within 30 days thereafter whether he is willing to purchase any and, if so, what maximum

number of the Sale Shares ("Maximum") he is willing to purchase at the Specified Price. A person who pursuant to such a notice expresses a willingness to purchase Sale Shares at the Specified Price is referred to below as a "Purchaser". If there are no such other C Ordinary Shareholders then sub-Article 12.6.7 shall apply as if the period of 30 days referred to in this sub-Article had expired and none of the Sale Shares had been allocated in accordance with sub-Articles 12.6.3 to 12.6.6 inclusive.

- 12.6.4 At the expiry of the said period of 30 days referred to in sub-Article 12.6.3 the Board shall allocate the Sale Shares to or amongst the Purchasers, such allocation in the case of competition to be made pro rata to the number of C Ordinary Shares held by each Purchaser, provided always that individual allocations shall not exceed the Maximum which the relevant Purchaser shall have expressed a willingness to purchase. The Board shall give written notice of such allocation to all members of the Company within 7 days of such allocation being made.
- 12.6.5 Upon such allocation being made the Purchasers to or amongst whom such allocation has been made shall be bound to pay the Specified Price for, and to accept a transfer of, the Sale Shares so allocated to them respectively and the Proposing Transferor shall be bound upon payment of the Specified Price to transfer such Shares to the respective Purchasers.
- 12.6.6 If in any case a Proposing Transferor, after having become bound to transfer Shares as aforesaid makes default in so doing the Company may receive the Specified Price and the Board may appoint some person to execute instruments of transfer of such Shares in favour of the Purchasers and shall thereupon subject to such transfers being properly stamped (if applicable) cause the names of the Purchasers to be entered into the register of members as the holders of the Shares and shall hold the Specified Price in trust for the Proposing Transferor. The receipt of the Company therefor shall be a good discharge to the Purchasers and after the names shall have been entered in the register of members in exercise of the aforesaid power the validity of the transactions shall not be questioned by any person.
- 12.6.7 If at the expiry of the period of 30 days referred to in Article 12.6.3 above any of the Sale Shares have not been allocated in accordance with Articles 12.6.3 to 12.6.6 (inclusive), then the Board shall forthwith give written notice to the holders of the issued equity capital in the Company (excepting C Ordinary Shares) of the Specified Price of such Shares ("the Remaining Shares") inviting each such shareholder to state by notice in writing to the Company within 30 days thereafter whether he is willing to purchase any and, if so, what maximum number of the Remaining Shares ("Maximum") he is willing to purchase at the Specified Price. A person who pursuant to such a notice expresses a willingness to purchase Remaining Shares at the Specified Price is referred to below as a "Secondary Purchaser".
- 12.6.8 At the expiry of the said period of 30 days the Board shall allocate the Remaining Shares to or amongst the Secondary Purchasers, such allocation in the case of competition to be made pro rata to the number of shares in the

issued equity share capital in the Company (excepting C Ordinary Shares) held by each Secondary Purchaser, provided always that individual allocations shall not exceed the Maximum which the relevant Secondary Purchaser shall have expressed a willingness to purchase. The Board shall give written notice of such allocation to all members of the Company within 7 days of such allocation being made.

12.6.9 Upon such allocation being made the Secondary Purchasers to or amongst whom such allocation has been made shall be bound to pay the Specified Price for, and to accept a transfer of, the Remaining Shares so allocated to them respectively and the Proposing Transferor shall be bound upon payment of the Specified Price to transfer such Shares to the respective Secondary Purchasers.

12.6.10 If in any case a Proposing Transferor, after having become bound to transfer Shares as aforesaid makes default in so doing the Company may receive the Specified Price and the Board may appoint some person to execute instruments of transfer of such Shares in favour of the Secondary Purchasers and shall thereupon subject to such transfers being properly stamped (if applicable) cause the names of the Secondary Purchasers to be entered into the register of members as the holders of the Shares and shall hold the Specified Price in trust for the Proposing Transferor. The receipt of the Company therefor shall be a good discharge to the Secondary Purchasers and after the names shall have been entered in the register of members in exercise of the aforesaid power the validity of the transactions shall not be questioned by any person.

12.6.11 If at the expiry of the period of 30 days referred to in Article 12.6.7 above any of the Remaining Shares have not been allocated in accordance with this Article 12.6 then:-

- (a) if the Transfer Notice in question was deemed given in accordance with Article 12.7, the Sale Shares not so allocated shall remain registered in the name of the Leaver (or, in the case of death or bankruptcy, shall be registered in the name of his personal representative or trustee in sequestration); and,
- (b) in any other case, the Proposing Transferor may (at any time during the period of 30 days following the expiry of the period of 30 days referred to in Article 12.6.7 above) transfer all or some only of the Sale Shares not so allocated to any person at a price per Sale Share not less than the Specified Price of those Shares, and the directors shall be obliged to register and give effect to such a transfer upon the relevant share transfer form, duly stamped, and the relevant share certificate (or an indemnity in lieu in usual form) being presented to them.

Leavers

12.7.1 Any Leaver shall (whether or not he has already done so) be deemed on the date upon which he becomes a Leaver to have served a Transfer Notice in respect of his entire shareholding of Shares and a Transfer Notice shall be

deemed to have been served in respect of all Shares transferred pursuant to Clause 12.4.1 then held by the Leaver's Privileged Relations or upon a Family Trust of which the Leaver is the Settlor.

12.7.2 The following provisions of this Article 12.7 shall apply to such a Transfer Notice.

12.7.3 A Transfer Notice deemed given by a Leaver or by his Privileged Relations or by the trustees of a Family Trust of which the Leaver is a Settlor shall constitute the Company as the agent of the Leaver, Privileged Relations and/or trustees concerned for the sale of all equity shares held by the Leaver and/or such other persons and the provisions of Article 12.5 shall apply to each and every such Transfer Notice as though it had been given voluntarily and had related to all the equity shares held by the person(s) giving each such Transfer Notice, save that the Specified Price shall be determined as follows:-

- (a) if the Leaver is a Good Leaver, the Specified Price shall be the fair value of the Sale Shares as determined by the opinion of the auditors for the time being of the Company, as at the date upon which the Transfer Notice is deemed given, without the application of a discount to reflect the fact that those Shares represent a minority shareholding and without addition of a premium in the event that those Shares would operate to confer control of the Company on any party making no differentiation between any Shares and on the assumption that the Sale Shares are capable of transfer without restriction; and
- (b) in the case of any other Leaver, the lower of that fair value and the Paid Up Amount per Share.

The AAM Group

12.8 Notwithstanding any other provision in these Articles a transfer of any shares held by any member of the AAM Group to another member of the AAM Group may be made without restriction as to price or otherwise and such transfer shall be registered by the Directors.

Limitation of Transfer of Control

13.1 No sale or transfer of the legal or beneficial interest in any shares in the Company may be made or validly transferred without the previous written consent of the holders of 75% of the C Ordinary Shares if as a result of such sale or transfer and registration thereof a Controlling Interest would be obtained in the Company:-

13.1.1 by a company (other than a company to which the immediately following sub-Article applies) or by a person or persons (other than a company) who are not Original Members (as hereinafter defined) unless the proposed transferee or transferees or his or their nominees are independent third parties acting in good faith and has or have offered to purchase all the C Ordinary Shares at the Specified Price

and to pay any and all any arrears or accruals of the Preference Dividend and/or the Compensatory Dividend (and any associated interest) grossed up at the rate of corporation tax then in force calculated down to the date of sale or transfer; or

13.1.2 by a company in which one or more of the members of the Company or persons acting in concert (which expression shall have the meaning ascribed to it in the December 1996 Edition of the City Code on Takeovers and Mergers) with any member of the Company has or as a result of such sale or transfer will have a Controlling Interest;

13.2 For the purposes of this Article the expression "the Specified Price" shall mean, at the option of the holders of 75% of the C Ordinary Shares in issue, either:-

- (a) a price per share equal to the Paid Up Amount of such share; or
- (b) the consideration (in cash or otherwise) per share equal to that offered or paid or payable by the proposed transferee or transferees or his or her nominees for any other shares in the Company plus the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of such other 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 such other shares provided that if any part of the price per share is payable otherwise than in cash the holders of the C Ordinary Shares may at their option elect to take a price per share of such cash sum as may be agreed by them having regard to the substance of the transaction as a whole,

and in the event of disagreement the calculation of the Specified Price shall be referred to an umpire (acting as an expert and not as arbiter) nominated by the parties concerned (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants of Scotland) whose decision shall be final and binding.

13.3 All other regulations of the Company relating to the transfer of shares and the right to registration shall be read subject to the provisions of this article.

General Meetings

- 14. No business shall be transacted at any general meeting unless the requisite quorum is present. Any two members present in person or by proxy (or, in the case of a corporate member, by representative) being the holder, or the proxy or representative of a holder, of shares shall constitute a quorum.
- 15. If within half an hour from the time appointed for a general meeting a quorum is not present, the meeting shall stand adjourned to the same day (or, if that day is a public holiday, to the next following working day) in the next week but one and at the same time and place or to such other date, time and place as

the directors determine (not being more than 30 days nor less than 14 days after the date appointed for the general meeting unless agreed by the holders of not less than nine tenths in nominal value of the shares entitled to vote at the meeting). If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the member or members present shall be a quorum.

16. Where a meeting is adjourned under article 15 for 10 days or more, not less than 7 days' notice of the adjourned meeting shall be given as in the case of an original meeting.
17. Any member or proxy for a member may demand a poll and regulation 46 of Table A shall be amended accordingly.

Powers and duties of directors

18. Subject to the provisions of the Act, a director may contract with and participate in the profits of any contract or arrangement with the Company as if he were not a director. A director may vote in respect of the contract or arrangement, where he has previously disclosed his interest to the Company, or in respect of his appointment to any office or place of profit under the Company. He may also be counted in the quorum at any meeting at which the matter is considered.

Alternate directors

19. A director (other than an alternate director) may appoint any person to be an alternate director and may remove from office an alternate director appointed by him. When an alternate director is also a director or acts as an alternate director for more than one director, he shall have one vote for every director represented by him (in addition to his own vote if he is himself a director).

Disqualification of directors

20. Regulation 81 of Table A shall be amended by substituting the following for paragraphs (c) and (e):
 - (c) he becomes, in the reasonable opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as a director; or
 - (e) he is otherwise duly removed from office.

A director shall not be required to vacate his office or be ineligible for re-election, and no person shall be ineligible for appointment as a director, by reason only of his attaining or having attained any particular age.

Proceedings of directors

21. Regulation 88 of Table A shall be amended by substituting for the sentence:

“It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom.”

the following sentence:

“Notice of every meeting of directors shall be given to each director, including directors who are absent from the United Kingdom and have given the Company their addresses outside the United Kingdom. Directors who are absent from the United Kingdom shall be entitled to receive 14 days’ notice of every meeting.”

22. Questions arising at any meeting of the directors or of any committee shall be decided by a majority of votes of the directors present. The chairman shall not have a second or casting vote and regulation 88 of Table A shall be modified accordingly.
23. The quorum necessary for the transaction of business at any meeting of the directors or of any committee is two of whom one must be the C Director (if any C Director holds office at that time) except in terms of Article 24.
24. If within half an hour from the time appointed for a meeting of the Directors a quorum is not present, the meeting shall stand adjourned to the same day (or, if that day is a public holiday, to the next following working day) in the next week and at the same time and place as shall be notified in writing to the Directors or to such other date, time and place as the directors then present determine and notify in writing to the remaining directors (not being more than 30 days nor less than 14 days after the date appointed for the Board Meeting unless agreed by all of the directors). If at the adjourned Board Meeting a quorum is not present within half an hour from the time appointed for the meeting, the director or directors present shall be a quorum. Regulation 89 of Table A shall be amended accordingly.
25. The words ‘of filling vacancies, or’ shall be omitted from regulation 90 of Table A.

Capitalisation of profits

26. The words ‘special resolution’ shall be substituted for the words ‘ordinary resolution’ in regulation 110 of Table A.

Notices

27. Any notice required by these Articles to be given by the Company may be given by any visible form on paper, including telex, facsimile and electronic mail. A notice communicated by immediate transmission shall be deemed to be given at the time it is transmitted to the person to whom it is addressed. Regulations 111 and 112 of Table A shall be amended accordingly.

Directors' Borrowing Powers

28. Subject as hereinafter provided the directors may exercise all the powers of the Company (whether express or implied):-

- 28.1 of borrowing or securing the payment of money;
- 28.2 of guaranteeing the payment of money and the fulfilment of obligations and performance of contracts; and
- 28.3 of mortgaging or charging the property, assets and uncalled capital of the Company and (subject to Section 80 of the Act) of issuing debentures

but so that:-


- (a) the directors of the Company shall procure that the aggregate amounts for the time being remaining undischarged by virtue of any of the foregoing operations by the Company and all subsidiaries of the Company and by virtue of any like operations by the Company and all subsidiaries of the Company (including any liability, whether ascertained or contingent, under any guarantee for the time being in force and including amounts due under any hire purchase, credit sale, conditional sale or leasing agreements (other than leases of real or heritable property) which can in accordance with current accounting practice be attributed to capital but excluding inter-company loans, mortgages and charges) shall not without previous sanction of the holders of at least 75% of the C Ordinary Shares exceed the aggregate of the nominal amount of the share capital of the Company for the time being issued and paid up or credited as paid up and the amounts for the time being standing to the credit of the capital and revenue reserves and the share premium account of the Company and all its subsidiaries (excluding any amounts arising from the writing up of the book values of any capital assets, any amounts attributable to goodwill and minority interests and any amounts set aside for future taxation) all as shown by the then latest audited consolidated balance sheet of the Company;
- (b) no such sanction as referred to in the preceding paragraph shall be required to the borrowing of any sum of money intended to be applied in the repayment (with or without premium) of any moneys then already borrowed and outstanding, notwithstanding that the same may result in such limit being exceeded;
- (c) no lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by this Article is observed and no debt or liability incurred in excess of such limit shall be invalid and no security given for the same shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security or person to whom the liability is incurred at

the time when the debt or liability was incurred or the security given that the limit hereby imposed has been or was thereby exceeded; and

- (d) except with the previous sanction of the holders of 75% of the C Ordinary Shares no mortgage or charge shall be created on any part of the undertaking, property or assets of the Company or any subsidiary of the Company.

Indemnity

- 29. Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director, secretary, auditor or other officer of the Company is entitled to be indemnified by the Company against all losses and liabilities sustained or incurred by him in the execution of his duties or in the exercise of his powers or otherwise in connection with his office, including any liability incurred by him (a) in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or which are otherwise disposed of without any finding or admission of any material breach of duty on his part; or (b) in connection with any application in which relief is granted to him by the court from liability in respect of any act or omission done or alleged to be done by him as an officer or employee of the Company. The Company may purchase and maintain for any person to whom this article applies insurance against any liability in respect of which he is entitled to be indemnified.

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