

THE COMPANIES ACTS 1985 AND 198

COMPANY LIMITED BY SHARES

SUBSTITUTED  
ARTICLES OF ASSOCIATION

OF

VIRGIN RECORDS LIMITED

(Adopted by Special Resolution passed on 22 March 1996  
as amended by a Written Resolution dated 12 February 1997)

### PRELIMINARY

- 1.1 In these articles "Table A" means Table A in the Schedule to the Companies (Tables A to F) Regulations 1985, as amended prior to the adoption of these articles.
- 1.2 The regulations contained in Table A will apply to the Company except in so far as they are excluded or varied in these articles.
- 1.3 The following regulations of Table A will not apply to the Company: 3, 5, 12, 14, 16, 23 to 25, 29 to 32, 34 to 54, 57, 60 to 62, 64 to 82, 84 to 98, 111, 112 and 115. In addition to the remaining regulations of Table A as varied in these articles the following will be the articles of association of the Company.

### INTERPRETATION

2. In these articles the following words and expressions shall have the following meanings:

"the Act" means the Companies Act 1985 as amended by the Companies Act 1989, and any statutory re-enactment, amendment or modification from time to time in force.

"ICTA" means the Income and Corporation Taxes Act 1988 and any statutory re-enactment, amendment or modification from time to time in force.



## SHARE CAPITAL

- 3.1 The authorised share capital of the Company at the date of adoption of these articles is £600,000,000 and DM650,000,000 divided into 600,000,000 Ordinary Shares of £1 each, 500,000,000 'A' Fixed Rate Cumulative Redeemable Preference Shares of DM1 each ("the 'A' Preference Shares") and 150,000,000 'B' Fixed Rate Cumulative Redeemable Preference Shares of DM1 each ("the 'B' Preference Shares").
- 3.2 The shares will be under the control of the directors who, subject to the provisions of section 80 of the Act and any resolutions of the Company in general meeting passed pursuant to it, may allot and dispose of or grant options over the same to any persons, and on any terms and in any manner as they think fit.
- 3.3 (a) Except as otherwise provided in these articles and subject to any renewal, revocation or variation of this authority by the Company in general meeting and to any election by the Company in accordance with section 80A of the Act, the directors are unconditionally authorised for the purpose of section 80 of the Act to allot, dispose of and grant options and rights of subscription or conversion over relevant securities (as defined in the Act) up to an aggregate nominal amount of £199,990,000 and DM650,000,000 during the period expiring at the end of five years from the date of adoption of these Articles.
- (b) Sections 89(1) and 90 of the Act will not apply to any allotment of equity securities (as defined in the Act) by the Company.
- 3.4 Subject to the provisions of the Act, any shares of a class within the capital of the Company as authorised from time to time may be issued on terms that they are to be, or at the option of the Company or a member holding such shares are liable to be, redeemed on such date or between such dates as the directors may fix before the issue of such shares and on such terms and conditions as are contained in or, as to the

amount payable on redemption, determined in accordance with the articles of association of the Company.

- 3.5 The Company will have power to purchase its own shares (whether issued on the terms that they are to be, or are liable to be, redeemed or not) subject to the requirements of sections 162 to 170 (inclusive) of the Act.
- 3.6 The Company will have power to redeem or purchase its own shares out of capital subject to the provisions of sections 171 to 177 (inclusive) of the Act.
- 3.7 Except as required by law, and even when the Company has express notice, no person will be recognised by the Company as holding any share upon any trust and (except as otherwise provided by these articles or by law) the Company will not be bound by or recognise any interest in any share except an absolute right to the entirety of it in the holder.
- 3.8 The second sentence of regulation 6 in Table A shall be substituted by the following:-
- "Every certificate shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount paid up thereon, and such a certificate signed by a director of the Company together with the secretary or a second director shall be evidence of the title of the registered holder to the shares, whether or not the common seal of the Company (if it has one) has been affixed and regardless of any words in the certificate referring to a seal".

## **INCOME**

- 4.1 Each of the 'A' Preference Shares shall carry the following rights and restrictions:
- (a) To the extent that payment thereof out of profits would be lawful the holders of the 'A' Preference Shares shall be entitled in respect of each

share to receive a fixed cumulative preferential dividend at the rate of six per cent. (6%) per annum (net of any associated tax credit) on each 'A' Preference Share held which is fully paid up or credited as fully paid up ("the 'A' Preference Dividend").

- (b) The 'A' Preference Dividend shall accrue on a daily basis and shall be payable in full in priority to any dividend payable in respect of any other class of share and shall be paid annually on 1 June in each year, the first dividend to be paid on 1 June 1997 in respect of the period from the date of issue of the 'A' Preference Shares to such date.
- (c) The 'A' Preference Shares shall rank for dividend in priority to any other class of shares in the capital of the Company from time to time in issue.

4.2 Each of the 'B' Preference Shares shall carry the following rights and restrictions:

- (a) The 'B' Preference shares shall rank for dividend after the 'A' Preference Shares but in priority to any other class of shares in the capital of the Company from time to time.
- (b) To the extent that payment thereof out of profits would be lawful the holders of the 'B' Preference Shares shall (subject as mentioned below) be entitled to a fixed cumulative preferential dividend at a rate of six per cent. (6%) per annum (net of associated tax credit) on each 'B' Preference Share held which is fully paid up or credited as fully paid up ("the 'B' Preference Dividend").
- (c) The 'B' Preference Dividend shall accrue on a daily basis and shall be payable in full in priority to any dividend payable in respect of any other class of share with the exception of the 'A' Preference Shares and shall be paid annually on 1 June in each year, the first dividend to be paid in respect of the period from the date of issue of the 'B' Preference Shares to the first

relevant annual date, provided always that the dividend entitlement of the 'B' Preference Shares shall not in any relevant accounting period of the Company exceed 25% of the profits (as defined in section 6(4) Income and Corporation Taxes Act 1988) of the Company for that relevant accounting period.

- (d) No 'B' Preference Shares shall be issued credited as fully paid if the effect of such issue would be to reduce the total par value of the ordinary share capital (as defined in Section 832 Income and Corporation Taxes Act 1988) held by THORN EMI plc (or any company to which THORN EMI plc may have transferred its shareholding in the Company) to below 75% of the total par value of such ordinary share capital of the Company as may be in issue from time to time.

4.3 Notwithstanding the foregoing provisions of this Article, if in respect of any financial year the Company is unable to pay the 'A' Preference Dividend and/or the 'B' Preference Dividend in whole or in part by reason of having insufficient distributable profits then the first available profits for distribution arising thereafter shall be applied:

- (a) first in or towards paying off all such accumulated arrears of the 'A' Preference Dividend and the balance (if any) in or towards paying the 'A' Preference Dividend due or to become due in respect of the financial year in which such distributable profits arise;
- (b) second in or towards paying off all accumulated arrears of the 'B' Preference Dividend and the balance (if any) in or towards paying the 'B' Preference Dividend due or to become due in the financial year in which such distributable profits arise;

so that as between the different classes of shares in relation to any financial year when profits are available for distribution no arrears of any dividend declared on the

Ordinary Shares shall be paid to the holders thereof until there have been paid to other holders of the 'A' and/or 'B' Preference Shares all arrears of the 'A' and/or 'B' Preference Dividends.

- 4.4 The 'A' and 'B' Preference Dividends shall (subject to the Company having sufficient distributable profits out of which to pay the same) ipso facto and without resolution of the directors or the Company in general meeting (and notwithstanding anything contained in regulations 102 to 105 of Table A) become a debt due from and immediately be payable by the Company to the holders of the 'A' and 'B' Preference Shares (as the case may be) entitled thereto registered in the books of the Company on the payment date concerned.

## CAPITAL

5. In the event of a winding-up of the Company or other return of capital by the Company the assets of the Company available for distribution among the members are to be paid in the following order of priority:-
- (a) first in priority to the rights of the holders of any other class of share in repaying to the holders of the 'A' Preferential Shares an amount equal to the moneys paid up or credited as paid up in respect of each 'A' Preference Share together with the amount of any premium payable on the redemption thereof together with an amount (provided always that there are profits available for distribution) equal to any unpaid arrears deficiencies or accruals of 'A' Preference Dividend, whether or not declared or earned and calculated up to and including the date of the order for winding-up or of the repayment of capital as the case may be;
  - (b) second in repaying the holders of the 'B' Preferential Shares an amount equal to the moneys paid up or credited as paid up in respect of each 'B' Preference Share together with the amount of any premium payable on the redemption thereof and an amount (provided always that there are profits

available for distribution) equal to any unpaid arrears deficiencies or accruals of 'B' Preference Dividend, whether or not declared or earned and calculated up to and including the date of the order for winding-up or of the repayment of capital as the case may be PROVIDED always that the right of the holders of the 'B' Preferential Shares on a winding up or repayment of capital (as the case may be) shall be subject to a limitation that under no circumstances may assets in excess of 25% of the total available for distribution to 'equity holders' (as defined in paragraph 1 of Schedule 18 of ICTA) be distributed to them in respect of the 'B' Preference Shares having regard to the adjustments required, if any, in the calculation of such entitlement under paragraph 3 of Schedule 18 of the ICTA for 'returned amounts' and the amount of any such distribution shall be reduced on a pro rata basis accordingly;

- (c) the balance, if any, to the holders of the Ordinary Shares.

## VOTING RIGHTS

6.1 Subject to the rights or restrictions attached to the shares (and, in particular, to the provisions of this Article 6):

6.1.1 on a show of hands every member holding one or more Ordinary Shares, every member holding one or more 'A' Preference Shares and every member holding one or more 'B' Preference 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 have one vote; and

6.1.2 subject to Article 6.2 on a poll, every member, 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:

- (a) shall have one vote for each Ordinary Share of which he is the holder;

- (b) shall have one vote for every four 'A' Preference Shares of which he is the holder; and
- (c) shall have one votes for each five 'B' Preference Shares of which he is the holder.

6.2 Notwithstanding any of the other provisions of these Articles on a poll:

- (a) the holders of the Ordinary Shares as a class shall in aggregate not carry less than 83% of the total votes which may be cast by all of the members of the Company from time to time;
- (b) the holders of the 'A' Preference Shares as a class shall in aggregate not carry more than 12% of the total votes which may be cast by all of the members of the Company from time to time; and
- (c) the holders of the 'B' Preference Shares as a class shall in aggregate not carry more than 5% of the total votes which may be cast by all of the members of the Company from time to time.

6.3 In the event that there are more than one holder of either the 'A' and/or 'B' Preference Shares and the class limits (set out in Article 6.2) on the aggregate voting entitlement of the relevant class(es) of share apply then on a poll the voting entitlement of the holders of the 'A' and/or 'B' Preference Shares shall be calculated pro rata to their holdings of the relevant class of shares such that a holder of 40% of the 'A' Preference Shares shall be entitled to vote 40% of the total voting entitlement of the 'A' Preference Shares as a class and a holder of 60% of the 'A' Preference Shares shall be entitled to vote 60% of the total voting entitlement of the 'A' Preference Shares as a class.



- 6.4 In the event that there is more than one holder of Ordinary Shares and the class limit (set out in Article 6.2) on the minimum aggregate voting entitlement of the Ordinary Shares applies, then on a poll the voting entitlement of the holders of Ordinary Shares shall be calculated (and increased to the minimum aggregate voting entitlement) pro rata to their holding of Ordinary Shares.

## **REDEMPTION**

- 7.1 Subject to the provisions of the Act the Company shall have the right at any time after the expiry of the fifth anniversary of the date of adoption of these Articles to redeem all or any of the 'A' and/or 'B' Preference Shares for the time being outstanding and fully paid upon giving to the holders of such of the 'A' and/or 'B' Preference Shares (as the case may be) as are to be redeemed not less than three months previous notice in writing of its intention to do so.
- 7.2 Subject to the provisions of the Act the holders of the 'A' and 'B' Preference Shares shall have the right at any time after the expiry of the six month period from the date of adoption of these Articles to require all or any of the 'A' and/or 'B' Preference Shares held by them which are fully paid or credited as fully paid to be redeemed by the Company by giving to the Company not less than three months previous notice in writing.
- 7.3 Any notice of redemption shall specify the particular 'A' and/or 'B' Preference Shares to be redeemed, the date fixed for redemption ("the Redemption Date") and (if served by the Company) the place at which the certificates for such shares are to be presented for redemption and upon such date each of the holders of the shares concerned shall be bound to deliver to the Company at such place the certificates for such of the shares concerned as are held by him in order that the same may be cancelled or an indemnity in a form reasonably satisfactory to the Board in respect of any lost certificate. Upon such delivery the Company shall pay to the holder (or, in the case of joint holders, to the holder whose name stands first in the Register of Members of the Company in respect of such shares) the amount due to him in respect

of such redemption as set out in Article 7.4 against the delivery of a proper receipt for the redemption moneys payable in respect thereof. If any certificates so delivered to the Company includes any 'A' and/or 'B' Preference Shares not falling to be redeemed on the relevant Redemption Date a fresh certificate for such 'A' and/or 'B' Preference Shares shall be issued to the holder or holders delivering such certificate to the Company as soon as practicable thereafter and in any event within 14 days thereafter.

- 7.4 There shall be paid on the redemption of each 'A' or 'B' Preference Share pursuant to Articles 7.1 to 7.3 above the amount for the time being paid up on such share, and all arrears and accruals of dividends payable thereon (whether declared or not) calculated up to and including the Redemption Date which such amount shall at that time become a debt due from the Company to the holders of the 'A' and/or 'B' Preference Shares (as the case may be) being redeemed and if not paid at the Redemption Date shall carry interest at 3 per cent per annum over the Lombard rate of the Central Bank of Germany as from time to time published compounded with half yearly rests.
- 7.5 The Preference Dividend payable on each Preference Share becoming liable to be redeemed under the foregoing provisions shall cease to accrue as from the Redemption Date. As from the end of the Redemption Date each such Preference Share shall be extinguished and shall cease to confer any rights upon the holder thereof except the right to receive the redemption moneys.
- 7.6 If any holder of 'A' and/or 'B' Preference Shares whose shares are liable to be redeemed under this Article 7 shall fail or refuse to deliver up the certificate for his 'A' and/or 'B' Preference Shares the Company may retain the redemption moneys until delivery up of the certificate or of an indemnity in respect thereof satisfactory to the Company and shall within seven days thereafter pay (by cheque despatched at the holder's risk) the redemption moneys to the shareholder. No holder of 'A' and/or 'B' Preference Shares shall have any claim against the Company for interest on any redemption moneys so retained.

- 7.7 In the event that profits available for use in the redemption are insufficient to permit all of the 'A' and/or 'B' Preference Shares which are the subject of a notice pursuant to Articles 7.1 and 7.2 to be redeemed the Company shall first redeem the maximum number of 'A' Preference Shares permissible having regard to the profits available for such purpose and such redemption shall be effected by a pro rata redemption of 'A' Preference Shares from each holder of such shares and shall second redeem the maximum number of 'B' Preference Shares permissible having regard to the profits available for such purpose and such redemption shall be effected by a pro rata redemption of 'B' Preference Shares from each holder of such shares.

### **CLASS RIGHTS**

8. Notwithstanding any other provisions of these Articles, except with the consent or sanction of the holders of the 'A' and 'B' Preference Shares given in accordance with the provisions of Article 8(b) and/or (c) below:
- (a) The creation or issue of further shares ranking as regards participation in the profits or assets of the Company in priority to the Ordinary Shares will be treated as a variation of the special rights attached to the 'A' Preference Shares and 'B' Preference Shares.
  - (b) Subject to the provisions of the Act the 'A' Preferential Shareholders may by unanimous agreement in writing or by an Extraordinary Resolution passed at a separate meeting of such holders, consent to any variations of the rights or privileges attached to the 'A' Preference Shares.
  - (c) Subject to the provisions of the Act the 'B' Preferential Shareholders may by unanimous agreement in writing or by an Extraordinary Resolution passed at a separate meeting of such holders, consent to any variations of the rights or privileges attached to the 'B' Preference Shares.

## **LIEN**

9. The lien conferred by regulation 8 of Table A will also attach to fully paid-up shares registered in the name of any person indebted or under liability to the Company, whether he is the sole holder or is one of two or more joint holders of such shares.

## **CALLS ON SHARES**

- 10.1 Subject to the terms of allotment of shares the directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of the nominal value of the shares or by way of premium) that are not payable at fixed times under the terms of allotment.
- 10.2 Each member will within 14 days' notice to such effect pay to the Company as required by the notice the amount called on his shares. A call may be revoked or postponed in whole or part before receipt by the Company of any moneys due under it, as the directors may determine.
- 10.3 The holder of a share at the time a call is due to be paid will be the person liable to pay the call and in the case of joint holders they will be jointly and severally liable.
- 10.4 If any amount payable in respect of a share on allotment or at a fixed date (whether in respect of the whole or part of the nominal value of the share or by way of premium) is not paid on the date on which by the terms of issue the same becomes payable, the relevant provisions of these articles and (insofar as applicable) Table A will apply as if that amount had become payable by virtue of a call duly made and notified.

## **TRANSFER AND TRANSMISSION**

- 11.1 The instrument of transfer of shares must be in the usual form prescribed from time to time or, if none is so prescribed, then in the form (if any) determined by the

directors. It will be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

11.2 The directors may, in their absolute discretion and without giving any reason, decline to register any transfer of any share, whether or not it is a fully paid share. The directors may also refuse to register a transfer unless:

- (a) it is lodged at the registered office or at another place determined by the directors, and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show that the transferor is the holder or a person entitled to execute the transfer under Article 11.5 below; and
- (b) it is in respect of only one class of shares; and
- (c) it is in favour of not more than four transferees.

11.3 If the directors refuse to register a transfer of a share they will within two months after the date on which the transfer was lodged with the Company send to the purporting transferor and the intended transferee notice of the refusal.

11.4 If a member dies the survivor or survivors where he was a joint holder and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his interest; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.

11.5 In the event of the death of any member, or if any member becomes bankrupt, or if a receiver is appointed having the power of sale over the property of a member, (or, being a corporate member, goes into liquidation or suffers the appointment of an administrator or an administrative receiver) the legal personal representative, trustee in bankruptcy, liquidator, receiver, administrative receiver or administrator (as the

case may be) may, upon such evidence being produced as the directors may properly require, elect either to become the holder of the share or to have some person nominated by him registered as transferee. If he elects to become the holder he shall give notice to the Company to that effect. If he elects to have some other person registered he shall execute an instrument of transfer of the share to that person. All the Articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the member and the death, bankruptcy, appointment of a receiver, administrator, administrative receiver or liquidator had not occurred.

- 11.6 The directors may at any time give notice requiring a person becoming entitled to a share in consequence of the death or bankruptcy of a member to elect either to become the holder of the share or to have some person nominated by him registered as the transferee and if the notice is not complied with within 90 days the directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.
- 11.7 A person becoming entitled to a share in consequence of the death or bankruptcy of a member shall have the rights to which he would be entitled if he were the holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend or vote at any meeting of the Company or of any separate meeting of the holders of any class of shares in the Company.

#### **ALTERATION OF SHARE CAPITAL**

- 12.1 The Company may by ordinary resolution:
- (a) increase its share capital by new shares of such amount as the resolution prescribes;
  - (b) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;

- (c) subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of smaller amounts and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and
  - (d) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled.
- 12.2 Subject to the provisions of the Act, the Company may by special resolution reduce its issued share capital, any capital redemption reserve and any share premium account in any way.

### **GENERAL MEETINGS**

- 13.1 All general meetings other than annual general meetings will be called extraordinary general meetings.
- 13.2 The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Act, will immediately proceed to convene an extraordinary general meeting for a date not later than 28 days after the date of the notice convening the meeting. If there are insufficient directors within the United Kingdom to call a general meeting, any director or any member of the Company may call a general meeting.

### **NOTICE OF GENERAL MEETINGS**

- 14.1 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution will be called by at least 21 clear days' notice. All other general meetings will be called by at least 14 clear days' notice, but a general meeting may be called by shorter notice if it is agreed:

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote or their duly appointed proxies;
  - (b) (subject to any elective resolution for the time being in force under section 379A of the Act) in the case of any other meeting, by a majority in number of the members having a right to attend and vote, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.
- 14.2 The notice will specify the time and place of the meeting and the nature of the business to be transacted and, in the case of an annual general meeting, will specify the meeting as such.
- 14.3 Subject to the provisions of these articles and to any restrictions imposed on any shares, the notice will be given to all members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors of the Company.
- 14.4 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice will not invalidate the proceedings at that meeting.

#### **PROCEEDINGS AT GENERAL MEETINGS**

- 15.1 No business will be transacted at any meeting unless a quorum is present. A quorum will be two persons entitled to vote upon the business to be transacted, each being either a member or a proxy for a member or, in the case of a corporate member, a duly authorised representative of that corporation.
- 15.2 If within half an hour after the time appointed for the meeting a quorum is not present, or if during a meeting a quorum ceases to be present, the meeting if



convened upon the requisition of members will be dissolved. In any other case, it will be adjourned to such other day and such other time and place as the directors may determine and if at the adjourned meeting a quorum is not present or ceases to be present then the member or members present will be a quorum.

15.3 The chairman, if any, of the board of directors or, in his absence, another director nominated by the directors, will preside as chairman of the meeting, but if neither the chairman nor such other director (if any) is present within 15 minutes after the time appointed for holding the meeting and willing to act, the directors present will elect one of their number to be chairman and, if there is only one director present and willing to act, he will be chairman. If no director is willing to act as chairman, or if no director is present within 15 minutes after the time appointed for holding the meeting, the members present and entitled to vote may choose one of their number to be chairman.

15.4 A director, despite his not being a member, is entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.

15.5 The chairman may (and must if so directed by the meeting), adjourn the meeting from time to time and from place to place in the following circumstances:

- (a) with the consent of a meeting at which a quorum is present;
- (b) where in his unfettered judgment it is impossible for all the members present to take part in the debate and to vote;
- (c) in the event of his considering that disorder is occurring.

No business may be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for 14 days or more, at least 7 clear days' notice

must be given specifying the time and the place of the adjourned meeting and the nature of the business to be transacted. Otherwise it will not be necessary to give any such notice.

- 15.6 A resolution put to the vote of a meeting will be decided on a show of hands unless before or on declaration of the result of the show of hands, a poll is duly demanded.

Subject to the provisions of the Act, a poll may be demanded:

- (a) by the chairman; or
- (b) by at least one member having the right to vote at the meeting;

and a demand by a person as proxy for a member will be the same as a demand by the member.

- 15.7 Unless a poll is duly demanded, a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, will be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 15.8 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman. A demand so withdrawn will not be taken to have invalidated the result of a show of hands declared before the demand was made.
- 15.9 A poll will be taken as directed by the chairman and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll will be deemed to be the decision of the meeting at which the poll was demanded.

- 15.10 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman will be entitled to a casting vote in addition to any other vote he may have.
- 15.11 A poll demanded on the election of a chairman or on a question of adjournment must be taken immediately. A poll demanded on any other question must be taken either immediately or at a time and place directed by the chairman which may not be more than 30 days after the poll is demanded. The demand for a poll will not prevent the meeting continuing for the transaction of any business other than a question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn with the consent of the chairman, the meeting will continue as if the demand had not been made. No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least 7 clear days' notice must be given specifying the time and place at which the poll is to be taken.
- 15.12 A resolution in writing signed by all the members of the Company entitled to attend and vote at a general meeting, or by their duly appointed proxies or attorneys, will, subject to the provisions of the Act, be as valid and effective as if it had been passed at a general meeting of the Company properly convened and held whether such resolution would otherwise be required to be passed as a special, extraordinary or elective resolution. Any such resolution may be contained in one document, or in several documents in the same terms, each signed by one or more of the members or their proxies, or attorneys. Signature of documents sent by facsimile will be valid and acceptable under this Article. Signature in the case of a corporate member will be sufficient if made by a director of such member or by its duly authorised representative.

## VOTES

- 16.1 No member will be entitled to vote at any general meeting, or at any separate meeting of the holders of any class, unless all calls or other sums presently payable by him in respect of shares of the Company have been paid.
- 16.2 On a poll, votes may be given either personally or by proxy or by corporate representative. A member may not appoint more than one proxy and a corporate member may not appoint more than one representative to attend on the same occasion.
- 16.3 An instrument appointing a proxy must be in writing, executed by or on behalf of the appointor (if a corporation, under the hand of a duly authorised officer of the corporation) and be in a form determined by the directors or, failing such determination, in any usual form.
- 16.4 The instrument appointing a proxy and any authority under which it is executed, or a copy of that authority certified notarially, or in some other way approved by the directors may:
- (a) be deposited at the registered office of the Company, or at another place within the United Kingdom specified by the notice convening the meeting, or in any instrument of proxy sent out by the Company in relation to the meeting, not less than 1 hour before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
  - (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as stated above after the poll has been demanded and not less than 1 hour before the time appointed for the taking of the poll; or

- (c) where the poll is not taken immediately but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director or deposited as stated above after the poll has been demanded but not less than 1 hour before the time appointed for the taking of the poll;

and an instrument of proxy which is not deposited or delivered in the manner permitted above will be invalid.

- 16.5 In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders; and seniority will be determined by the order in which the names of the holders stand in the register of members.

#### **NUMBER OF DIRECTORS**

17. Unless and until the Company by special resolution determines otherwise, the number of directors will be not less than two. Provided that if and so long as there is only one director in office he may act alone in exercising all the powers and authorities vested in the board of directors.

#### **ALTERNATE DIRECTORS**

- 18.1 Each director will have power by writing to nominate either another director, or any other person willing to act and approved for the purpose by a resolution of the directors, to act as his alternate director. He may also at his discretion remove his alternate director by notice in writing to the Company. An alternate director will have the same entitlement as his appointor to receive notices of meetings of the directors and to attend, vote and be counted for the purpose of a quorum at any meeting at which his appointor is not personally present, and generally in the absence of his appointor to exercise and discharge all the functions, powers and duties of his appointor.

- 18.2 Except as otherwise provided in these articles, the alternate director will, during his appointment, be deemed to be a director for the purposes of these articles. He will not be deemed to be an agent of his appointor, and will alone be responsible to the Company for his own acts or defaults and will be entitled to be indemnified by the Company to the same extent as if he were a director.
- 18.3 An alternate director will not, in respect of his office of alternate director, be entitled to receive any remuneration from the Company nor to appoint another person as his alternate. The appointment of an alternate director will automatically determine if his appointor ceases for any reason to be a director, or on the happening of an event which, if he were a director, would cause him to vacate the office of director, or if by written notice to the Company he resigns his appointment.

### **POWERS OF DIRECTORS**

- 19.1 Subject to the provisions of the Act, the memorandum of association of the Company and these articles and to any directions given by special resolution, the business of the Company will be managed by the directors who may exercise all the powers of the Company. No alteration of such memorandum or articles and no such direction will invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given.
- 19.2 The directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for any purposes and on any conditions as they determine, including authority for the agent to delegate all or any of his powers.
- 19.3 The directors may establish and maintain, or procure the establishment and maintenance of, any pension or superannuation funds (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances and emoluments to, any persons (including directors and other officers) who are or were at any time in the employment or service of the Company,

or of any Company which is or was a subsidiary of the Company or allied to or associated with the Company or any such subsidiary, or of any of the predecessors in business of the Company or of any such other Company as stated above, and the spouses, widows, widowers, families and dependants of any such persons, and make payments to, for or towards the insurance of or provide benefits otherwise for any such persons as stated above.

- 19.4 The remuneration of non-executive directors will be fixed by the board and, unless otherwise resolved, shall be deemed to accrue from day to day.

### **DELEGATION OF DIRECTORS' POWERS**

20. The directors may delegate any of their powers to any committee consisting of one or more directors. They may also delegate to any managing director or any director holding any other executive office any of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the directors may impose and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members must be governed by the articles regulating the proceedings of directors, so far as they are capable of applying.

### **APPOINTMENT AND RETIREMENT OF DIRECTORS**

- 21.1 The Company by ordinary resolution may appoint another person in place of a director removed from office by resolution of a general meeting, and without prejudice to the powers of the directors under the next following regulation, may appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.
- 21.2 The directors may appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number fixed by or in accordance with these articles as the maximum number of directors.

- 21.3 At any time or from time to time the holder or holders of all the Ordinary Shares may by memorandum in writing signed by or on behalf of him or them and left at or sent to the Registered Office of the Company or the Company in general meeting appoint any person to be a director or remove any director from office. Any removal as aforesaid shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the Company.

### **DISQUALIFICATION AND REMOVAL OF DIRECTORS**

- 22.1 The office of a director must be vacated in any of the following events namely:
- (a) if, by notice in writing to the Company, he resigns his office;
  - (b) if he becomes bankrupt or makes any arrangement or composition with his creditors generally;
  - (c) if he is, or may be, suffering from mental disorder and either:
    - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
    - (ii) an order is made by a Court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;
  - (d) if he ceases to be a director by virtue of any provision of the Act, or he becomes prohibited by law from being a director;



- (e) if he is absent from meetings of the board for six successive months without leave, unless prevented by illness, unavoidable accident or other cause which may seem to the other members of the board to be sufficient, and his alternate director (if any) has not during this period attended in his place, and the directors resolve that his office should be vacated;
- (g) if he is removed under the provisions of Article 21.3.

### **DIRECTORS' APPOINTMENTS AND INTERESTS**

- 23.1 The directors may from time to time appoint one or more of their body to be the managing director, or to hold another office in the management, administration or conduct of the business of the Company for any period (subject to section 319 of the Act) and on terms as they think fit, and, subject to the terms of any agreement entered into in any particular case, may revoke that appointment. Subject to the terms of any such agreement, a managing director or a director appointed to any other office as stated above will be subject to the same provisions as to resignation and removal as the other directors of the Company and will automatically and immediately cease to be the managing director or to hold any other office in the management, administration or conduct of the business of the Company if he ceases to hold the office of director for any reason but without prejudice to any claim for damages for breach of any contract of service between the director and the Company.
- 23.2 The remuneration of the managing director or any director who may be appointed to any other office in the management, administration or conduct of the business of the Company will from time to time (subject to the provisions of any agreement between him and the Company) be fixed by the directors. It may comprise fixed salary, or commission on the dividends, profits, sales or turnover of the Company, or of any other Company in which the Company is interested, or other participation in any such profits, or by way of or provision for a pension or pensions for himself or his dependants, or by all or any of these modes, and (subject as stated above) the

remuneration fixed will be additional to any ordinary remuneration to which he may be entitled as a director of the Company.

23.3 Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director despite his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company, or in which the Company is otherwise interested; and
- (c) will not as a consequence of his office be held accountable to the Company for any benefit which he derives from any such office or employment, or from any such transaction or arrangement, or from any interest in such body corporate; and no such transaction or arrangement may be avoided on the ground of any such interest or benefit.

23.4 For the purposes of Article 23.3:

- (a) a general notice given to the directors by a director, that he has an interest of a specified nature and extent in any transaction or arrangement in which a specified person or class of persons is interested will be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and

- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge, will not be treated as an interest of his.

## **PROCEEDINGS OF DIRECTORS**

- 24.1 Subject to the provisions of these articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director will, call a meeting of the directors. Questions arising at a meeting will be decided by a majority of votes. In the case of an equality of votes, the chairman will have a second or casting vote. A director who is also an alternate director will be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.
- 24.2 Subject to Article 24.3 notice of the time, place and purpose of every meeting of the directors must be given to every director and to his alternate (if any). However, the non-receipt of notice by any director or alternate director will not invalidate the proceedings of the directors. Unless a majority of the directors indicate their willingness to accept shorter notice of a meeting of directors, subject to any provision to the contrary in 24.3, at least seven days' notice except in the case of emergency must be given. Every notice of a meeting of the directors required to be given under these articles may be given orally (personally or by telephone) served personally or sent by prepaid letter post, cable, telex, telegram, confirmed facsimile or tele-message to the address for the time being supplied for the purpose to the secretary of the Company.
- 24.3 Any director for the time being absent from the United Kingdom will if he so requests, be entitled to be given notice as prescribed herein of meetings of the directors to such address, if any, as the director may from time to time notify to the Company but, except as stated above, it will not be necessary to give notice of a meeting to a director who is absent from the United Kingdom.

- 24.4 The quorum necessary for the transaction of the business of the directors may be fixed by the directors and, unless fixed, will (as long as there is more than one director in office) be two persons provided that one person may constitute a quorum if he is a director and is a duly appointed alternate director for another director. An alternate director who is not himself a director will, if his appointor is not present, be counted towards the quorum.
- 24.5 The continuing directors or a sole continuing director may act despite any vacancies in their number. However, if the number of directors is less than the number fixed as the quorum, they or he may act only for the purpose of filling vacancies or of calling a general meeting.
- 24.6 The directors may elect one of their number to be chairman of the board of the directors and may at any time remove him from that office. If there is no director holding that office, or if the director holding it, being entitled to and having been given notice of the meeting of directors, is not present within five minutes after the time appointed for it, the directors present must appoint one of their number to be chairman of that meeting.
- 24.7 A meeting of the directors may, subject to notice of it having been given or dispensed with in accordance with these articles, be for all purposes deemed to be held when a director is, or directors are, in communication by telephone, television or some other audio visual medium with another director or other directors and all of those directors agree to treat the meeting as properly held, provided always that the number of the said directors participating in the communication constitutes a quorum of the board as stipulated by these articles. A resolution made by a majority of the said directors in pursuance of this Article 24.7 will be as valid as it would have been if made by them at an actual meeting duly convened and held.
- 24.8 A resolution in writing, signed or approved by letter, telegram, confirmed facsimile, tele-message or telex by all the directors will be as valid and effective as if it had been passed at a meeting of directors, or (as the case may be), a committee of directors

duly convened and held. The resolution may consist of several documents in the same terms each signed by one or more directors; but a resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.

- 24.9 All acts done by a meeting of directors, or of a committee of directors, or by a person acting as a director will, despite that it is afterwards discovered that there was a defect in the appointment of any director or that any of them was disqualified from holding office, or had vacated office, or was not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.
- 24.10 Except as otherwise provided by these articles, a director may not vote at a meeting of directors or of a committee of directors on any resolution concerning a matter in which he is in any way, whether directly or indirectly, interested, unless that interest arises only because the case falls within one or more of the following paragraphs:
- (a) the resolution relates to the giving to him of a guarantee, security or indemnity in respect of money lent by him to, or an obligation incurred by him for the benefit of, the Company or any of its subsidiaries;
  - (b) the resolution relates to the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the Company, or any of its subsidiaries, for which the director has assumed responsibility in whole or part, whether alone or jointly with others, under a guarantee or indemnity or by the giving of security;
  - (c) his interest arises by virtue of his subscribing, or agreeing to subscribe, for any shares, debentures or other securities of the Company, or any of its subsidiaries, or by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any such shares,

debentures, or other securities by the Company or any of its subsidiaries for subscription, purchase or exchange;

- (d) the resolution relates in any way to a retirement benefit scheme or an employee share scheme which has been approved, or is conditional upon approval, by the Board of Inland Revenue for taxation purposes.

For the purposes of this regulation, an interest of a person who is, for any purpose of the Act (excluding any statutory modification of it not in force when this regulation becomes binding on the Company), connected with a director will be treated as an interest of the director and, in relation to an alternate director, an interest of his appointor will be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

- 24.11 A director may not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.
- 24.12 The Company may by special resolution suspend, or relax to any extent, either generally or in respect of any particular matter, any provision of these articles prohibiting a director from voting at a meeting of directors or of a committee of directors.
- 24.13 Where proposals are under consideration concerning the appointment of two or more directors to offices or employments with the Company, or with any body corporate in which the Company is interested, the proposals will be divided and considered in relation to each director separately. In addition, (provided he is not for another reason precluded from voting), each of the directors concerned will be entitled to vote and be counted in the quorum in respect of each resolution, except that concerning his own appointment.
- 24.14 If a question arises at a meeting of directors or of a committee of directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be

referred to the chairman of the meeting and his ruling in relation to any director other than himself will be final and conclusive.

## **DIVIDENDS**

25.1 The following sentence will be added to the end of Regulation 104 of Table A:

"The person entitled to any dividend will be the holder (as defined in Table A) of the share upon the date determined by the resolution declaring the dividend (or in the case of any interim dividend, determined by the directors) in respect of that share."

25.2 The directors may deduct from any dividend payable on or in respect of a share all sums of money presently payable by the holder to the Company, on any account whatsoever.

## **NOTICES**

26.1 A notice may be given by the Company to any member or director either personally or by sending it by pre-paid post, tele-message, confirmed facsimile or telex to his registered address within the United Kingdom or to any other address within the United Kingdom supplied by him to the Company for the giving of notice to him. A properly addressed and pre-paid notice sent by post will be deemed to have been given, in the case of a meeting, upon the day following that on which the notice is posted and, in the case of notice of any other matter, at the time at which the notice would be delivered in the ordinary course of post. A member or director giving to the Company an address outside the United Kingdom will be entitled to receive all notices by air mail or (at the Company's option) telex, confirmed facsimile or telegram. A properly addressed and pre-paid notice by air mail will be deemed to have been given at the expiry of five days from the date of posting.

- 26.2 A notice given by telegram or tele-message will be deemed to have been given at the expiry of 24 hours after it is delivered by the Company to the relevant transmitting authority.
- 26.3 A notice given by telex or confirmed facsimile will be deemed to have been given at the same time as it is transmitted by the Company.
- 26.4 In the case of joint holders of a share, all notices will be given to the joint holder whose name stands first in the register of members in respect of the joint holding, and notice so given will be sufficient notice to all the joint holders.
- 26.5 Except as otherwise provided in these articles, all notices to be given pursuant to these articles, other than one calling a meeting of the directors, must be in writing.

### **INDEMNITY**

- 27.1 Subject to the provisions of section 310 of the Act, every director, agent, secretary and other officer of the Company will be entitled to be indemnified out of the assets of the Company against all losses or liabilities properly incurred by him in or about the execution and discharge of the duties of his office. Regulation 118 of Table A shall be extended accordingly but shall not apply to any auditor of the Company.
- 27.2 The directors may at their discretion and on such terms as they think fit purchase and maintain for the Company or for any director, secretary or other manager or officer other than auditor of the Company insurance against any liability which might by virtue of any rule of law attach to such director, secretary, or other manager or officer in relation to any negligence, default, breach of duty or breach of trust in relation to the Company or its business or affairs or to any subsidiary and against such liability as mentioned in the preceding article. Articles 24.10 to 24.14 shall not apply to any action of the directors in pursuance of this Article 27.2.