

Company No: 2947508

EQUITY RED STAR LIMITED



MEMBER'S WRITTEN RESOLUTION

PURSUANT TO SECTION 381A OF THE COMPANIES ACT 1985

The following resolution has been agreed to, pursuant to and in accordance with section 381A of the Companies Act 1985, by the undersigned, being all the members of the Company who would be entitled to attend and vote at a general meeting of the Company:-

THAT:-

1. the creation of £11,990,000 unsecured convertible redeemable loan stock 1998 - 2003 of the Company on the terms of a loan stock instrument to be executed by the Company on 19 August 1998 and the issue of such loan stock to Cox Insurance Holdings plc for a consideration of £8,160,000 representing a discount of £3,830,000 on the par value thereof, pursuant to a subscription agreement to be entered into between Cox Insurance Holdings plc (1) and the Company (2) on 19 August 1998 be approved;
2. the share capital of the Company be increased from £1,000 to £11,991,000 by the creation of 11,990,000 new non-redeemable cumulative preference shares of £1 each, having the rights set out in the articles of association of the Company as altered by paragraph 5 below;
3. in substitution for any previous authority, the Directors be hereby generally and unconditionally authorised, in accordance with section 80 Companies Act 1985, to allot relevant securities (as defined in that section) up to a maximum aggregate nominal amount of relevant securities equal to the authorised but unissued share capital of the Company (as augmented by paragraph 2 above); and this authority will (unless renewed) expire five years from the date on which this resolution is passed, but the Company may before this authority expires make an offer or agreement which would or might require relevant securities to be allotted after this authority expires;
4. notwithstanding the provisions of Article 3.4 of the Articles of Association of the Company, the non-redeemable cumulative preference shares of £1 each created by paragraph 2 above may be allotted and issued without first being offered to the existing holders of shares in the capital of the Company and this paragraph 4 is as effective for the purposes of such Article 3.4 as if this resolution had been passed at a general meeting of the Company; and
5. the Articles of Association of the Company be altered as follows:-
  - (i) by substituting the following new Article 3.1 for the existing Article 3.1:-

"3.1 The share capital of the Company is £11,991,000 divided into 1,000 ordinary shares of £1 each and 11,990,000 non-redeemable cumulative preference shares of £1 each ("Preference Shares");"

(ii) by inserting the following new articles 4A and 4B:-

"4A1 The rights of the Preference Shares and the limitations and restrictions to which they are subject are as follows:-

4A1.1 **Income:** The holders of the Preference Shares shall be entitled, in priority to any payment of dividend to the holders of any other class of shares, to be paid in respect of each financial year or other accounting period of the Company, a cumulative preferential dividend ("preferential dividend") at the rate of 1% above LIBOR (as defined below) less any applicable tax credit on the nominal amount for the time being paid up or credited as paid up on such Preference Shares. The holders of the Preference Shares shall not be entitled to any further right of participation in the profits of the Company.

For the purpose of this Article "LIBOR" means the rate of interest quoted by National Westminster Bank plc ("the Bank") at which the Bank would offer deposits on the London Interbank Market in sterling of an amount comparable to the nominal value of the Preference Shares for the time being issued for a period of 3 months. The calculation of interest shall take place at 3 monthly intervals, the first such calculation to be made on the day upon which the Preference Shares or any of them are first allotted. In the event that the Bank is unable or unwilling to quote any rate the Company may obtain a quotation from any clearing bank registered in the United Kingdom. If the London Interbank Market ceases to exist the Company may specify such alternative method of calculation as the Company reasonably believes represents the cost to

clearing banks in the United Kingdom of obtaining funds in sterling of the amounts and for the periods envisaged in this Article.

4A1.2 **Payment:** The preferential dividend shall be paid pro rata on the amount paid up or credited as paid up on the Preference Shares half-yearly on 30 June and 31 December (or, if any such date is a Saturday, Sunday or public holiday in England, on the first business day following such date) ("fixed dividend dates") in each year in respect of the half-years ending on those respective dates, save that the first such payment in respect of each Preference Share shall be made on the fixed dividend date next following the date of allotment of such Preference Share. Payments of preferential dividends shall be made to holders on the register at any date selected by the directors up to 42 days prior to the relevant fixed dividend date. The preferential dividend shall accrue on a daily basis.

Unless the Company has insufficient profits available for distribution and the Company is thereby prohibited from paying dividends by the Act (in which case the preferential dividend shall accumulate) the preferential dividend shall (notwithstanding Regulations 102 to 108 (inclusive) in Table A or any other provision of these Articles and, in particular, notwithstanding that there has not been a recommendation of the directors or resolution of the Company in general meeting) be paid immediately on the due date and if not then paid shall be a debt due by the Company and shall be payable in priority to any other dividend.

The Company shall procure that each of its subsidiaries (if any) which has any profits available for distribution shall from time to time declare and pay to the Company such dividends as are necessary to permit lawful and prompt payment by the

Company of the preferential dividend.

4A1.3 **Capital:** On a return of capital on winding-up or otherwise, the holders of the Preference Shares shall be entitled, in priority to any payment to the holders of any other class of shares, to the repayment of a sum equal to the nominal amount paid up or credited as paid up on the Preference Shares held by them respectively, together with a sum equal to all arrears and accruals (if any) of the preferential dividend irrespective of whether or not such dividend has been declared or earned or become due and payable, to be calculated down to and including the date of commencement of the winding-up (in the case of a winding-up) or the return of capital (in any other case). The holders of the Preference Shares shall not be entitled to any further right of participation in the assets of the Company.

4A1.4 **General Meetings:** the holders of the Preference Shares shall, by virtue of and in respect of their holdings of Preference Shares, have the right to receive notice of, attend, speak and vote at a general meeting of the Company only:-

- (a) if and when, at the date of the notice convening such meeting, the preferential dividend on the Preference Shares is six months or more in arrears (and, for this purpose, the preferential dividend shall be deemed to be payable half-yearly on the dates and in respect of the periods specified in Article 4A1.2); or
- (b) if a resolution is to be proposed abrogating, varying or modifying any of the rights or privileges of the holders of the Preference Shares (in which case they shall only be entitled to vote on such resolution).

Except in the circumstances set out in paragraphs (a) and (b) above, the holders of the Preference Shares shall not have the right to receive notice of, attend, speak or vote at any general meeting of the Company.

4A1.5 **Voting:** Whenever the holders of the Preference Shares are entitled to vote on a resolution at a general meeting of the Company, on a show of hands, every such holder who is present in person or (being a corporation) by a representative shall have one vote and, on a poll, every such holder who is present in person or by proxy shall have one vote in respect of each fully-paid Preference Share registered in the name of such holder.

#### **CLASS RIGHTS**

4B Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up only with the consent in writing of the holders of 75 per cent. of the issued shares of that class. Without prejudice to the generality of this Article, the special rights attached to the Preference Shares shall be deemed to be varied:-

4B1 by the Company:

4B1.1 altering its memorandum or articles of association; or

4B1.2 varying in any way (whether directly or indirectly) the rights attached to any of the shares of the class concerned; or

4B1.3 applying by way of capitalisation any sum in or towards paying up any share or loan capital of the Company; or

4B1.4 entering into a contract to purchase any of its own shares; or

4B1.5 redeeming any of its shares; or

4B1.6 passing a resolution that it be wound up;

4B2 by the Company or any of its subsidiaries for the time being:


4B2.1 altering, increasing, reducing, sub-dividing or consolidating its authorised or issued share capital; or

4B2.2 granting any option or other right to subscribe for shares; or

4B2.3 disposing of its undertaking or any substantial part thereof; or

4B2.4 disposing of or acquiring any interest in any share in the capital of any company; or

4B2.5 calling a meeting to effect or approve any matter which would by virtue of this Article 4B be a variation of the class rights of the Preference Shares."

Signed:.....

For and on behalf of Equity Red Star Limited

Dated: 19 August 1998

The above resolution was supplied to the auditors of the Company before the date of this resolution in accordance with section 381B of the Companies Act 1985.