

Prospectus

Placing and Offer for Subscription

SPONSORED BY

*UBS Phillips & Drew
Securities Limited*

*Fidelity
European
Values PLC*

MANAGED BY

Fidelity  **Investments**

A copy of this document, which contains listing particulars with regard to Fidelity European Values PLC ("the Company") in accordance with the listing rules made under section 142 of the Financial Services Act 1986, has been delivered to the Registrar of Companies in accordance with section 142 of that Act. Application has been made to the London Stock Exchange for all the Ordinary shares, Warrants and Equity Index-Linked Stock (as defined in this document) of the Company issued and now being issued to be admitted to the Official List. Dealings in the Ordinary shares (with Warrants attached) and the Equity Index-Linked Stock are expected to commence on 6th November, 1991.

The Directors of the Company, whose names appear on page 4, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

FIDELITY EUROPEAN VALUES PLC

(Incorporated in England and Wales under the Companies Act 1985, registered no. 2638812)

Placing

and

Offer for Subscription

by

UBS Phillips & Drew Securities Limited

of

up to 80,000,000 Ordinary shares of 25p each (with Warrants attached)

at 100p per Ordinary share

payable in full upon application

SHARE CAPITAL

<u>Authorised</u>			<u>Issued and to be issued fully paid</u>	
Nominal Value	No. of shares		Nominal Value	No. of shares
£30,500,000	122,000,000	Ordinary shares of 25p each	up to £20,000,000	up to 80,000,000

OFFER ARRANGEMENTS

UBS Phillips & Drew has placed 21.1 million Ordinary shares (with Warrants attached) and has underwritten the issue of a further 18.9 million Ordinary shares. The issue of the remaining 40 million Ordinary shares being offered for subscription has not been placed or underwritten.

UBS Phillips & Drew has also placed Equity Index-Linked Stock with an aggregate issue price of £10 million and is using reasonable endeavours to procure further subscriptions during the period of the Offer up to a maximum further issue price of £10 million. These further subscriptions may be scaled down depending on the overall level of subscription for Ordinary shares. No Equity Index-Linked Stock is available for subscription pursuant to the Offer.

INDEBTEDNESS

Save as referred to above, as at the date of this document, the Company has no loan capital (including term loans) outstanding, or created but unissued, and no outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances or acceptance credits, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

*Fidelity
European
Values PLC*

Contents

Page

PART I

Definitions	2
Offer Timetable	3
Directors, Manager and Advisers	4
Key Information	5
Offer Statistics	5

PART II

Continental Europe and Fidelity	6
Investment Opportunity	8
Directors	9
Manager	9
Capital Structure	9
Investment Objective and Policy	10
Investment Trust Status	11
Duration of the Company	11
Savings Plan	11
Dividends and Accounts	12
Taxation	12
Risk Factors	12
Applications and Dealings	13
Accountants' Report	13

PART III

Personal Equity Plans	14
-----------------------	----

PART IV

Terms and Conditions of the Warrants	16
--------------------------------------	----

PART V

The Equity Index-Linked Stock	25
-------------------------------	----

PART VI

General Information	39
---------------------	----

PART VII

Terms and Conditions of Application	55
Availability of Listing Particulars	58

PART I

Definitions

"Act"	the Companies Act 1985 as amended from time to time
"Company"	Fidelity European Values PLC
"Directors"	the Directors of the Company
"Equity Index-Linked Stock"	the Equity Index-Linked Unsecured Loan Stock 2001 of the Company, linked for the purposes of income and capital to the Index
"Fidelity"	Fidelity Investments, as described on page 7
"Index"	the FT-Actuaries Europe Ex. UK Index (denominated in sterling) comprised in the FT-Actuaries World Indices or any comparable index adopted instead, as described in Part V
"Manager"	Fidelity Investments International
"Offer"	the placing and offer for subscription of Ordinary shares (with Warrants attached), details of which are contained in this document
"Ordinary shares"	ordinary shares with a nominal value of 25p each in the Company
"PEP" or "Personal Equity Plan"	a plan as defined in the PEP Regulations
"PEP Regulations"	the Personal Equity Plan Regulations 1989 as amended from time to time
"Shareholders"	holders of Ordinary shares
"Stockholders"	holders of Equity Index-Linked Stock
"Stock placing"	the placing of Equity Index-Linked Stock with an aggregate issue price of up to £10 million
"the London Stock Exchange"	The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited
"UBS Phillips & Drew"	UBS Phillips & Drew Securities Limited
"Warrants"	warrants to subscribe for Ordinary shares, on the terms and subject to the conditions described in this document
"Warrantholders"	holders of Warrants

The exchange rate used in this document for Fidelity's funds under management denominated in US dollars at 30th June, 1991 is £1: US\$1.62 (rounded to two decimal places), being the exchange rate prevailing at 30th June, 1991.

Offer Timetable

	Date
Latest time and date for receipt of applications	10.00 a.m., 29th October, 1991
Basis of allocation expected to be announced by	5.00 p.m., 30th October, 1991
Renounceable letters of allotment expected to be despatched on	5th November, 1991
Dealings in Ordinary shares (with Warrants attached) expected to commence on	6th November, 1991
Last day for splitting renounceable letters of allotment	12th December, 1991
Last day for registration of renunciation	16th December, 1991
Dealings expected to commence in Ordinary shares and Warrants separately on	17th December, 1991
Despatch of Ordinary share and Warrant certificates by	15th January, 1992

Directors, Manager and Advisers

Directors (non-executive)

Sir Charles Annand Fraser KCVO (Chairman)

Helmert Frans van den Hoven KBE

Robert Philippe Walther

Barry Richard James Bateman

Alan John Ainsworth

all of Oakhill House, 130 Tonbridge Road
Hildenborough, Tonbridge, Kent TN11 9DZ

Manager, Secretary and Registered Office of the Company

Fidelity Investments International

Oakhill House

130 Tonbridge Road

Hildenborough

Tonbridge

Kent TN11 9DZ

Financial Advisers and Sponsors

UBS Phillips & Drew Securities Limited

100 Liverpool Street

London EC2M 2RH

Solicitors to the Company

Bischoff & Co.

Epworth House

25 City Road

London EC1Y 1BY

Solicitors to the Sponsors

Slaughter and May

35 Basinghall Street

London EC2V 5DB

Reporting Accountants and Auditors

Coopers & Lybrand Deloitte

Chartered Accountants

Plumtree Court

London EC4A 4HT

Receiving Agents to the Offer

Barclays Registrars

New Issues

PO Box No. 123

Fleetway House

25 Farringdon Street

London EC4A 4HD

Registrars

Barclays Registrars Limited

Bourne House

34 Beckenham Road

Beckenham

Kent BR3 4TU

**Trustees of
the Equity Index-Linked Stock
Sun Alliance Trust Company Limited**
40 Chancery Lane
London WC2A 1JN

Bankers
Clydesdale Bank PLC
30 St Vincent Place
Glasgow G1 2HL

Fidelity European Values PLC

Key Information

- Fidelity Investments International, part of the worldwide Fidelity Investments organisation, is now launching Fidelity European Values PLC, its first United Kingdom investment trust.
- The Company will invest for capital growth in the stockmarkets of continental Europe.
- The Company will raise:
 - up to £80,000,000 by the issue of Ordinary shares at 100p per share, fully paid, with one free Warrant attached for every five Ordinary shares allotted; and
 - up to £20,000,000 by the issue of Equity Index-Linked Stock.

The Company will be not less than 20 per cent. geared and not more than 25 per cent. geared by the issue of Equity Index-Linked Stock at the time of listing (but before payment of the total expenses of the Offer and Stock placing).

- The Company will be managed by Fidelity's London based European team, who have had long-term success in managing Fidelity European Trust, the best performing unit trust in its sector over the five year period to 1st September, 1991 (Source: October 1991 issue of "Money Management").
- Fidelity is one of the leading global investment managers. As at 30th June, 1991 it managed £2.5 billion in continental Europe and some £88.3 billion of funds in total. Fidelity manages investments for over three million private, institutional and corporate investors throughout the world.
- Fidelity, a leading personal equity plan manager, has established a PEP scheme for Ordinary shares (with Warrants attached) subscribed for by private investors under the Offer.
- The Manager will also operate a separate savings plan to enable savers to invest regular sums in the Company's Ordinary shares.

Offer Statistics

	Minimum (Note 1)	Maximum (Note 2)
Number of Ordinary shares in issue following the Offer	40,000,000	80,000,000
Number of Warrants in issue following the Offer	8,000,000	16,000,000
Equity Index-Linked Stock in issue	£10,000,000	£20,000,000
Offer price per Ordinary share	100p	100p
Estimated net proceeds of the Offer and the Stock placing (Note 3)	£48,145,000	£96,980,000
Estimated net asset value per Ordinary share following the Offer and the Stock placing	95.4p	96.2p

Note 1: Assuming a minimum subscription for 40 million Ordinary shares (with Warrants attached) and the subscription of £10 million for Equity Index-Linked Stock.

Note 2: Assuming a maximum subscription for 80 million Ordinary shares (with Warrants attached) and the subscription of £20 million for Equity Index-Linked Stock.

Note 3: These figures are based on the estimated expenses of the Offer and the Stock placing calculated as described in paragraph 2 of Part VI.

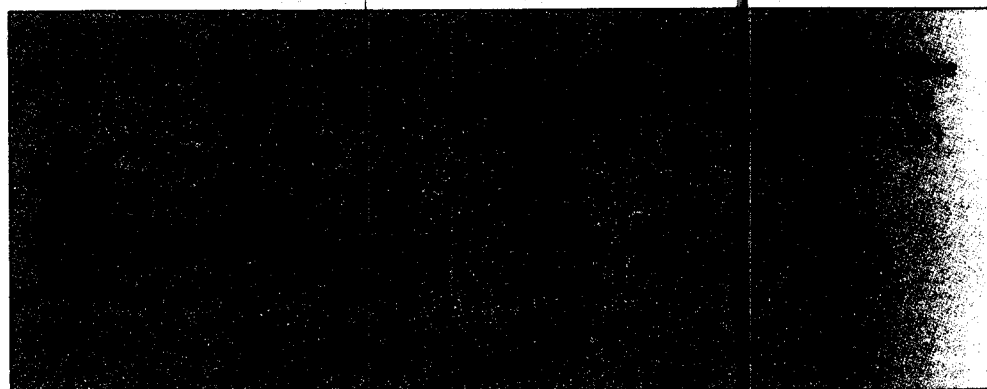
PART II

Continental Europe and Fidelity

KEY INDICATORS IN EUROPE

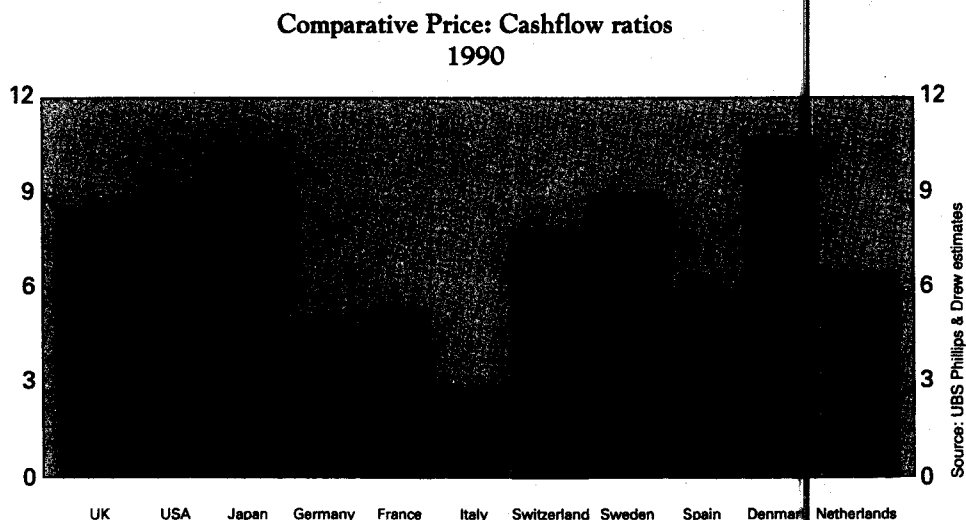
- The Directors believe that the stockmarkets of continental Europe will, overall, continue to grow, becoming more representative of the region's underlying economic strength. In total GDP terms Europe is a stronger economic power than both Japan and the United States yet its comparative share of stockmarket capitalisation lags behind both of these countries. With over 328 million consumers, the European Community is one of the world's largest consumer blocs.
- Continental European equities are still cheap on the basis of price: cashflow ratios compared to those of Japan, the United Kingdom and the United States. Continental Europe is currently rated on an estimated average historic price:cashflow ratio of 5.5 compared with a global average of 8.3.
- The Directors believe that continental European markets will benefit from increasing interest from both domestic and international investors. Continental institutions have historically not been large holders of equities preferring instead to concentrate their portfolios on property and bonds, a trend which the Directors believe is changing. Improvements in accounting procedures and greater accountability to shareholders are also regarded by the Directors as important steps in increasing investor confidence in continental European securities.
- There is real evidence of structural change within Europe. The 1992 programme marks a new era in economic co-operation and is designed to move the European Community onto a higher growth path. Developments in Eastern Europe should provide long-term investment opportunities.

The table below illustrates the divergence between the total GDP of the European members of the OECD, excluding the United Kingdom, and their total stockmarket capitalisations, compared to those of the United Kingdom, Japan and the United States:



Source: OECD (Major Economic Indicators August 1991) for 1990 (1)
UBS Phillips & Drew estimates as at 31st July, 1991 (2)

The chart below illustrates the relationship between individual markets in continental Europe and other world markets on the basis of historic price: cashflow ratios:



FIDELITY'S INVESTMENT PHILOSOPHY

Since its foundation in 1946 in Boston, U.S.A., Fidelity has developed into one of the largest and most successful investment management organisations in the world. Fidelity Management and Research Corporation in the United States and Fidelity International Limited in Bermuda are separate companies, sharing the same basic investment and management philosophy which has contributed to Fidelity's success around the world. These two companies together with their subsidiaries are known as Fidelity Investments ("Fidelity"). The founding Johnson family are principal shareholders in both these companies.

Fidelity has been investing in continental Europe for over twenty years and as at 30th June, 1991 had over £2.5 billion of assets under management in those stockmarkets. Fidelity launched Fidelity European Trust in November, 1985 with the aim of achieving long-term capital growth from an actively managed portfolio of European equities. The key element in Fidelity's investment philosophy is value investing - the identification of fundamental value in individual stocks. This is achieved in relation to Europe by devoting an experienced team of twelve analysts to proprietary research. They work alongside four portfolio managers with European fund management responsibilities in meeting and analysing European companies to seek new investment opportunities and in monitoring existing holdings. The majority of companies currently invested in by Fidelity European Trust have been met by Fidelity. Over one-third of all such companies have been met in the first six months of 1991 alone.

Fidelity's investment philosophy is to seek long-term capital growth from value investing. The value investor seeks to be amongst the first of his peers to recognise the potential in individual stocks and hence returns are only properly rated on the basis of long-term results. With the value investment approach, short-term under-performance is not an unusual feature. The application of Fidelity's investment philosophy to Europe is illustrated by the performance

of Fidelity European Trust, which, whilst under-performing in the short term, is the top ranked unit trust in its sector over the five years to 1st September, 1991 and the eighth best performer over the three years to that date (Source: October 1991 issue of "Money Management"). The annualised growth of Fidelity European Trust since launch (on the basis of net income re-invested and offer to bid price) has been 26.2 per cent. to 1st September, 1991.

FIDELITY'S EUROPEAN INVESTMENT METHOD

Fidelity's approach includes the normal analysis of profit and loss accounts and balance sheets, as well as meetings with company management. In looking at earnings Fidelity makes adjustments for exceptional and other non-recurring items in order to estimate the recurrent earnings position. Because of differences in accounting procedures used in most continental European countries, Fidelity often finds analysis of cashflow more useful than analysis of earnings. Adjustments are made where possible for such items as provisions, which are frequently used in continental Europe to depress earnings for tax purposes. Such assessment is expanded to include the analysis of free cashflow, that is cashflow after paying recurrent capital expenditure, and cash earnings before interest and tax as a ratio of market capitalisation plus net debt (debt adjusted cashflow multiples). Other important criteria include buy-out and takeover potential (as this may result in returns beyond current market value) and real asset values which include hidden assets such as property and brands, the true value of which may not be reflected in the balance sheet.

Fidelity analyses these ratios in the context of similar companies in the same industry in other countries and in particular looks for undervaluation relative to the yardsticks of the more developed stockmarkets of the United Kingdom and the United States. Emphasis is also placed on the identification of trends in one market which are relevant to others. Great store is set by Fidelity's own proprietary research.

The value investor may be investing against prevalent trends or vogues and against local conventions or customs. It is often necessary for the value investor to take a long-term view to achieve the anticipated return. It is Fidelity's normal policy to be fully invested rather than to attempt to achieve returns through market timing.

Investment Opportunity

The Directors consider that the stockmarkets of continental Europe offer particular investment opportunities for the value investor albeit that these are more difficult to find now than in the past. The Directors believe that Fidelity's investment approach - putting fundamentals first in assessing investment opportunities - is particularly appropriate in identifying value in continental European equity markets. Potential investors may be also attracted to the Company by virtue of the fact that it will be managed by an experienced investment team with a proven track record. The Directors believe that Fidelity's stockpicking abilities are well suited to achieving long-term capital growth from investment in continental Europe.

Following the United Kingdom's entry into the European Monetary System and the trend towards a pan-European investment approach, the Directors believe that the Company will be attractive in offering exposure to the growth potential available in continental European equities.

Directors

The Directors of the Company, all of whom are non-executive, are:

Sir Charles Fraser (62), KCVO (Chairman). Following national service he began a career in law with W&J Burness, W.S., in Edinburgh where he has been a partner since 1956. He is Vice-Chairman of United Biscuits (Holdings) PLC and is a director of a number of companies including Scottish Widows Fund and Scottish Television PLC. He has extensive experience of the investment industry where his directorships include British Assets Trust PLC and Fidelity International Fund N.V.

Helmert van den Hoven (68), KBE, who is Dutch and was Chairman of Unilever N.V. and Vice-Chairman of Unilever PLC from 1975 to 1984. He was President of the International Chamber of Commerce from 1984 until 1986. His non-executive directorships include Royal Dutch Shell and a number of mutual funds managed by Fidelity.

Robert Walther (48), who joined Clerical, Medical and General Life Assurance Society in 1965 and was appointed Investment Manager in 1976 and Assistant General Manager (Investments) in June 1980, being appointed to the Board in April 1985. He is a Fellow of the Institute of Actuaries, an Associate of the Society of Investment Analysts and Chairman of the Association of British Insurers Investment Committee.

Barry Bateman (46), who was Research Director at Hoare Govett and Marketing Director of Datastream before joining Fidelity in 1981. In 1986 he became Managing Director of Fidelity Investment Services Limited, the unit trust management company, a position he retains today, in addition to his recent appointment as President of Fidelity International Limited. He is currently Chairman of the Unit Trust Association.

Alan Ainsworth (40), who held several positions in the unit trust industry with Save & Prosper and John Govett before joining Fidelity Investment Services Limited in 1984 as marketing director, becoming an executive director in 1987. He is a director of Fidelity Investments International and is Chief Executive of Fidelity Institutional Asset Management, the division of Fidelity International Limited responsible for institutional fund management services.

Manager

Fidelity Investments International, a member of IMRO (and abiding by IMRO rules in the course of its duties), and a subsidiary of Fidelity International Limited, will be the Manager of the Company. Fidelity's European investment team is led by Anthony Bolton, a director of Fidelity Investments International, who will be responsible for the day-to-day fund management activities of the Company. As at 30th June, 1991 Fidelity International Limited and its subsidiaries had some £6.1 billion under management.

Details of the Management Agreement are set out in paragraph 6 of Part VI.

Capital Structure

The Company is raising up to £80 million before expenses through the Offer. Warrants will be attached to the Ordinary shares on the basis of one Warrant for every five Ordinary shares issued. Each Warrant will carry the right to subscribe for one Ordinary share on 30th April in any of the years 1993 to 2001 inclusive at a price of 100p per Ordinary share. The terms and conditions of the Warrants are set out in Part IV.

Simultaneously with the Offer, the Company will raise up to £20 million by the issue of Equity Index-Linked Stock. The actual amount to be raised by the issue will equal not less than 20 per cent. and not more than 25 per cent. of the amount raised by the issue of Ordinary shares (with Warrants attached) at the time of listing but before payment of expenses. The level of gearing thereafter will fluctuate depending on the performance of the Company's assets in relation to the Index and the timing of exercise of the Warrants.

The Equity Index-Linked Stock will be issued at a price per unit, expressed in pounds, obtained by dividing the figure for the level of the Index for the dealing day immediately preceding the day of issue of the Equity Index-Linked Stock (and as published in the Financial Times on the day of issue) by 100. The day of issue is expected to be 5th November, 1991.

The redemption value of the Equity Index-Linked Stock will be the amount subscribed as increased or decreased by the growth or reduction of the Index to 31st December, 2001 or any earlier date on which the Equity Index-Linked Stock is redeemed. On redemption, Stockholders will receive a premium or be subject to a discount to the issue price which will reflect the movement of the Index over the life of the Equity Index-Linked Stock.

Interest on the Equity Index-Linked Stock will be paid quarterly in arrear on the last dealing day in March, June, September and December in each year, with the first payment being due on 31st March, 1992 in respect of the period from the date of issue to 31st March, 1992 inclusive.

Interest on the Equity Index-Linked Stock will be calculated quarterly at a rate calculated by reference to the gross dividend yield on the Index as published in the Financial Times for the last dealing day in February, May, August and November in each year in respect of the Company's liability for the three-month periods ending on the last dealing day in March, June, September and December respectively. By way of simplified illustration, if the gross dividend yield on the Index on 30th November in any year is 3.25 per cent. a person holding Equity Index-Linked Stock on the record date in respect of the quarter ending on the last dealing day in December of that year would be entitled to gross interest representing 3.25 per cent. of the capital value of that person's holding of Equity Index-Linked Stock on 30th November, on the basis of the actual number of days in the three-month period to the last dealing day in December and a year of 365 days. The capital value itself will have increased or decreased to reflect any movement in the Index. For example, if the Index stood at 105.32 on 30th November a person holding 100 units of Equity Index-Linked Stock on the record date in respect of the quarter ending on 31st December would be paid 86 pence (i.e. 3.25 per cent. of 105.32 multiplied by 92 divided by 365).

Details of the Equity Index-Linked Stock are contained in Part V.

Investment Objective and Policy

The Company will invest in continental European securities, with a view to achieving long-term capital growth for Shareholders. The portfolio will be selected by the Manager on the basis of its assessment of the fundamental value available in individual situations. Whilst the Company's overall exposure to individual countries and industry sectors will be monitored, the portfolio will not primarily be structured on a country or industrial weightings basis. It is not currently intended to hedge the Company's currency exposures, although the right to do so is reserved.

Investments in unquoted securities will not exceed 5 per cent. of the portfolio at any one time.

It will be the policy of the Company that not more than 10 per cent. of its assets (before deducting borrowed money, if any) will be invested in the securities of, or lent to, any one company (other than a company which has been approved as an investment trust by the Inland Revenue or which would qualify for such approval but for the fact that it is not listed) including investments in the securities of, or loans to, any subsidiary of the Company. It will also be the policy of the Company not to invest more than 25 per cent. of its assets (before deducting borrowed money, if any) in the aggregate of (i) securities not listed on any recognised stock exchange, and (ii) holdings in which the interest of the Company amounts to 20 per cent. or more of the equity capital (including any capital having an element of equity) of any one listed company (other than a company which has been approved as an investment trust by the Inland Revenue or which would qualify for such approval but for the fact that it is not listed).

Moneys held pending investment in accordance with the policy set out above may be invested in UK Government securities (including UK Treasury Bills).

The investment policy set out above will be adhered to for a period of at least 3 years from the date of this document.

Investment Trust Status

The Directors intend to conduct the affairs of the Company in such a manner as to satisfy the conditions for approval as an investment trust set out in section 842 of the Income and Corporation Taxes Act 1988. Such approval is granted retrospectively for each accounting period. The Company will be exempt from UK corporation tax on capital gains in respect of each accounting period for which such approval is granted.

Duration of the Company

Whilst it is not intended that the Company should have a limited life, it is considered desirable that Shareholders should have the opportunity to consider the future of the Company in 2001, prior to the maturity of the Equity Index-Linked Stock on 31st December, 2001. Accordingly, at the Annual General Meeting in 2001, and at every second Annual General Meeting thereafter, the Directors may submit proposals for the continuation of the Company, including, if appropriate, the refinancing of the Equity Index-Linked Stock. If the Directors do not put forward such proposals or if such proposals are not approved, the Company will be wound up, but not before 2002.

Savings Plan

Ordinary shares will be available through the Fidelity Investment Trust Savings Plan as soon as the Ordinary shares and Warrants have become separately traded (which is expected to be on 17th December, 1991). Fidelity Investments International expects that the savings plan, which it will operate, will become a regular purchaser of shares in the Company on behalf of its participants. It is intended that, dependent on the level of subscription under the Offer and Stock placing, the Company should contribute between £75,000 and £150,000 per annum towards promoting the savings plan. The ongoing administrative costs payable to the Plan Administrator, Barclays Registrars Limited, of up to £48 per annum per participant, will also be borne by the Company.

Dividends and Accounts

The Company's primary investment objective is to achieve long-term capital growth. Having regard to the relatively low dividend yield of many continental European securities it is unlikely that dividends paid by the Company will be significant. However, in order to qualify as an investment trust the Company may not retain in any accounting period more than 15 per cent. of the income it derives from shares and securities. It is expected that a nominal dividend will be paid once a year.

Annual accounts will be made up to 31st December in each year and the Company's first full accounting period will end on 31st December, 1992.

Taxation

Potential investors are referred to paragraph 7 of Part VI for further details of the taxation of the Company and of Shareholders, Warrantholders and Stockholders. If any potential investor is in doubt as to the taxation consequences of the acquisition, holding or disposal of Ordinary shares, Warrants or Equity Index-Linked Stock, or as regards investing in a PEP, he should consult a professional adviser.

Risk Factors

Investors should recognise that the value of securities and the income to be derived therefrom can fluctuate and, in particular, that investment in the securities of companies in the less well-developed countries of Europe carries additional risks. Such investments may also in certain circumstances be difficult to realise.

In addition, by investing in the Company, investors will have an underlying exposure to foreign currencies. The Company will invest in securities which are not quoted in sterling. The Company's net asset value will be reported in sterling and distributions of available income will be made in sterling. Both net asset value and dividends will be affected by changes in the value of underlying currencies relative to sterling. It is not currently intended to hedge the Company's currency exposures, although the right to do so is reserved.

For Shareholders, the effects of gearing the capital structure of the Company by the issue of Equity Index-Linked Stock will be very different from those associated with traditional forms of gearing which have fixed capital entitlements. Through the Company's capital structure, Shareholders' interests are geared to the performance of the Company's assets relative to the Index. Shareholders will benefit if the Company's assets outperform the Index but conversely will suffer from any underperformance.

The past performance of Fidelity European Trust is not necessarily a guide to the likely performance of the Company.

There is no guarantee that the market value of the Ordinary shares will fully reflect their net asset value.

The Warrants have the potential for higher capital appreciation than the Ordinary shares, but at the same time their market price is likely to be subject to increased volatility.

Applications and Dealings

The procedure for application can be found in the Application Form. Application Forms must be posted or delivered to Barclays Registrars, New Issues, Fleetway House, 25 Farringdon Street, London EC4A 4HD, to arrive not later than 10.00 a.m. on Tuesday, 29th October, 1991. The Terms and Conditions of Application can be found at the end of this document.

It is expected that the basis of allocation will be announced by 5.00 p.m. on Wednesday, 30th October, 1991 and that dealings in Ordinary shares (with Warrants attached) and Equity Index-Linked Stock will commence on 6th November, 1991.

The minimum level of application is for 1,000 Ordinary shares. If you wish to apply for more than 1,000, you should do so on the following basis:

Between 1,000 and 10,000 Ordinary shares	In multiples of 100
More than 10,000 Ordinary shares	In multiples of 500

Accountants' Report

The following is the text of a letter received by the Directors and UBS Phillips & Drew from Coopers & Lybrand Deloitte, Chartered Accountants, the auditors of the Company:

The Directors
Fidelity European Values PLC
Oakhill House
130 Tonbridge Road
Hildenborough
Tonbridge
Kent TN11 9DZ

and

The Directors
UBS Phillips & Drew Securities Limited
100 Liverpool Street
London EC2M 2RH

8th October, 1991

Dear Sirs

Fidelity European Values PLC was incorporated as Legistshelfco No. 112 PLC on 16th August, 1991 and changed its name to Fidelity European Values PLC on 10th September, 1991. It has not yet commenced to trade, has made up no accounts for presentation to its members and has not declared or paid a dividend.

Yours faithfully

Coopers & Lybrand Deloitte
Chartered Accountants

PART III

Personal Equity Plans

The maximum investment for an individual in a PEP in any tax year is currently £6,000. An individual may invest in only one PEP in any one tax year. In the case of a married couple, each spouse is treated separately, so that, if each spouse invests in a PEP, the couple can in total invest a maximum of £12,000 in any year of assessment.

The attraction of a PEP is that investments held within the PEP are free of income tax and capital gains tax.

Of the maximum investment of £6,000, up to £3,000 may be invested in shares in investment trusts which are qualifying investments for the purposes of the PEP Regulations, i.e. those which hold at least 50 per cent. of the value of their investments in UK ordinary shares. Up to £1,500 may be invested in shares of investment trusts which are non-qualifying investments for the purposes of the PEP Regulations, i.e. those which do not hold at least 50 per cent. of the value of their investments in UK ordinary shares. The Company is a non-qualifying investment trust.

The figure of £1,500 is, however, increased to £6,000 in the case of applications by individuals who apply in a public offer by a non-qualifying investment trust. Shares in such an investment trust can be transferred, or the rights to them can be renounced, into a PEP within 42 days of the allotment of such shares. Warrants, if attached to such shares, may be renounced into a PEP within this 42 day period. Warrants which are not attached to shares cannot be transferred or renounced into a PEP.

Accordingly, up to 6,000 Ordinary shares of the Company (with Warrants attached) (or such lower number as does not cause an individual's total contributions to his PEP to exceed £6,000 in the 1991/92 year of assessment) allotted to an individual under the Offer can be renounced or transferred into a PEP, if the terms of that PEP so allow, within 42 days of the date of allotment of Ordinary shares (with Warrants attached). The date of allotment for Ordinary shares (with Warrants attached) is expected to be 5th November, 1991. Ordinary shares and Warrants are expected to be traded separately from 17th December, 1991.

In order to renounce or transfer Ordinary shares (with Warrants attached) into a PEP, renunciations or transfers must be effected on or before 16th December, 1991. If an individual wishes to renounce less than his full allotment of Ordinary shares (with Warrants attached) into a PEP he should do so prior to 12th December, 1991, which is the last day for splitting renounceable letters of allotment. If a PEP is subject to a seven day cooling-off period the transfer or renunciation must be made by 9th December, 1991.

Any applicant intending to renounce or transfer Ordinary shares (with Warrants attached) into a PEP within the relevant period should make the necessary arrangements with his PEP manager for such renunciation or transfer. The terms and conditions of some PEPs may not permit the renunciations or transfers of Ordinary shares, whether with Warrants attached or not, into such PEPs.

The Manager has established the Fidelity European Values PEP to enable the renunciation of either 3,000 or 6,000 Ordinary shares (with Warrants attached) into a Fidelity PEP. Investors should note, however, that Ordinary shares

Fidelity European Values PLC

(with Warrants attached) may be renounced into a PEP managed by an independent PEP Manager. Investors are advised to seek independent financial advice as to the selection of an appropriate PEP.

The Chancellor of the Exchequer announced in the March 1991 Budget that new PEP regulations are to be introduced which will widen the definition of qualifying unit trusts and investment trusts to include those that hold at least 50 per cent. of the value of their investments in European Community equities (rather than ordinary shares in UK incorporated companies as at present).

The Company expects to be a qualifying investment trust in accordance with the new regulations if they come into force on the basis currently proposed by the Inland Revenue.

The information about PEPs above is based on the Company's understanding of the law and practice relating to PEPs and United Kingdom taxation currently in force and is subject to changes therein.

PART IV

Terms and Conditions of the Warrants

The Warrants will be issued subject to, and with the benefit of, the following terms and conditions:

1. SUBSCRIPTION RIGHTS

- (a) A registered holder for the time being of a Warrant (a "Warrantholder") shall have rights ("subscription rights") to subscribe in cash on 30th April in any of the years 1993 to 2001 both inclusive, (or, if later, on the date being 30 days after the date on which copies of the audited accounts of the Company for its then immediately preceding financial year are despatched to shareholders) (a "subscription date") for all or any of the Ordinary Shares of 25p each in the Company ("Ordinary Shares") for which he is entitled to subscribe under such Warrant at the price of 100p per Ordinary Share (the "subscription price") payable in full in cash on subscription. If the Company shall change its accounting reference date from 31st December, there shall be substituted for the said 30th April the date falling four months after the new accounting reference date. The number and/or nominal value of Ordinary Shares to which subscription rights relate is initially one Ordinary Share of 25p, but the number and/or nominal value and/or the subscription price will be subject to adjustment as provided in paragraph 2 below. The Warrants registered in a Warrantholder's name will be evidenced by a Warrant certificate issued by the Company.
- (b) In order to exercise the subscription rights in whole or in part, the Warrantholder must lodge the Warrant certificate(s), having completed the Notice of Exercise of subscription rights thereon (or such other evidence as the Directors may reasonably require as proof of the title of the person exercising the subscription rights) at the office of the registrars for the time being of the Company ("the Registrars") on or within 28 days prior to the relevant subscription date (but not later than 3.00pm on that date) accompanied by a remittance for the aggregate subscription price for the Ordinary Shares in respect of which the subscription rights are being exercised. Once lodged, a Notice of Exercise of subscription rights shall be irrevocable save with the consent of the Directors of the Company. Compliance must also be made with any statutory requirements for the time being applicable.
- (c) Not earlier than eight weeks nor later than six weeks before each subscription date the Company shall give notice in writing to the holders of the outstanding Warrants reminding them of their subscription rights.
- (d) Ordinary Shares issued pursuant to the exercise of subscription rights will be allotted not later than 14 days after, and with effect from, the relevant subscription date and certificates in respect of such Ordinary Shares will be issued free of charge and despatched (at the risk of the person(s) entitled thereto) not later than 28 days after the relevant subscription date to the person(s) in whose name(s) the Warrant is registered at the date of such exercise (and, if more than one, to the first-named, which shall be sufficient despatch for all) or (subject as provided by law and to the payment of stamp duty, stamp duty reserve tax or any like tax as may be applicable) to such other person(s) as may be named in the Form of Nomination on the reverse of the Warrant certificate (and, if more than one, to the first named, which shall be sufficient despatch for all).

No fraction of an Ordinary Share will be issued on the exercise of any Warrant and no refund will be made to a Warrantholder in respect of that part of the relevant subscription price which represents such a fraction (if any). In the event of a partial exercise of the subscription rights comprised by a Warrant certificate, the Company shall at the same time issue a fresh Warrant certificate in the name of the Warrantholder for the balance of his subscription rights remaining exercisable.

- (e) Ordinary Shares allotted pursuant to the exercise of subscription rights will not rank for any dividends or other distributions declared, paid or made for which the record date is prior to the relevant subscription date but, subject thereto, will rank in full for all dividends and other distributions in respect of the then current financial year and *pari passu* in all other respects with the Ordinary Shares in issue on the relevant subscription date. Provided that on any allotment falling to be made pursuant to paragraph 3(f) or paragraph 3(g) below the Ordinary Shares to be allotted shall not rank for any dividend or other distribution declared, paid or made by reference to a record date prior to allotment.
- (f) So long as the Company's ordinary share capital is listed on The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the London Stock Exchange"), the Company will apply to the Council of the London Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of subscription rights to be admitted to the Official List of the London Stock Exchange and the Company will use all reasonable endeavours to obtain the admission thereof not later than 14 days after the relevant subscription date or the date of allotment of Ordinary Shares if allotted otherwise than on a subscription date).
- (g) If immediately after any subscription date (other than the final subscription date) and after taking account of any subscription rights exercised on that date, subscription rights shall have been exercised in respect of 75 per cent. or more of the Ordinary Shares to which the subscription rights relate (excluding any Ordinary Shares to which subscription rights attached to Warrants purchased by the Company or any of its subsidiaries relate), the Company shall be entitled at any time within the next following 14 days to serve notice in writing on the holders of the Warrants then outstanding of its intention to appoint a trustee upon the expiry of 21 days from the date of such notice ("the Notice Period") and for this purpose the Notice Period shall expire at 3.30 p.m. on the 21st day. However, such notice shall in its terms give the holders of the Warrants so outstanding a final opportunity to exercise their subscription rights by completing the Notice of Exercise of subscription rights on their Warrant certificates and lodging the same at the office of the Registrars before the expiry of the Notice Period. Forthwith after the expiry of the Notice Period, the Company shall appoint a trustee who, provided that in his opinion the net proceeds of sale after deduction of all costs and expenses incurred by him will exceed the costs of the subscription, shall within the period of 14 days following the expiry of the Notice Period exercise the subscription rights which shall not have been exercised on the terms (subject to any adjustments pursuant to paragraphs 2(a) and 2(b)) on which the same could have been exercised immediately prior to the expiry of the Notice Period if they had then been exercisable and sell in the market the Ordinary Shares acquired on such subscription. The trustee shall distribute *pro rata* the proceeds less such subscription costs and such other costs and expenses to the persons entitled thereto at the risk of such persons as soon as practicable after such sale and

in any event within one month after the expiry of the Notice Period, provided that entitlements of under £3.00 shall be retained for the benefit of the Company.

- (h) Within seven days following the final subscription date the Company shall appoint a trustee who, provided that in his opinion the net proceeds of sale after deduction of all costs and expenses incurred by him will exceed the costs of subscription, shall within the period of 14 days following the final subscription date, exercise all the subscription rights which shall have not been exercised on the terms on which the same could have been exercised on the final subscription date and sell in the market the Ordinary Shares acquired on such subscription. The trustee shall distribute pro rata the proceeds less such subscription costs and such other costs and expenses to the persons entitled thereto at the risk of such persons within two months of the final subscription date, provided that entitlements of under £3.00 shall be retained for the benefit of the Company. If the trustee shall not so exercise the subscription rights as aforesaid (and so that his decision in respect thereof shall be final and binding on all holders of outstanding Warrants), the outstanding Warrants shall lapse at the expiry of the period of 14 days following the final subscription date.

2. ADJUSTMENTS OF SUBSCRIPTION RIGHTS

- (a) Forthwith on:

(i) any allotment of fully paid Ordinary Shares (otherwise than on the allotment of fully paid Ordinary Shares in lieu of dividend) by way of capitalisation of profits or reserves to holders of Ordinary Shares on the register on a date (or by reference to a record date) on or before the final subscription date; or

(ii) any sub-division or consolidation of the Ordinary Shares on a date (or by reference to a record date) on or before the final subscription date,

the number and/or nominal value of Ordinary Shares to be subscribed on any subsequent exercise of subscription rights will be increased or, as the case may be, reduced in due proportion (fractions being ignored) and the subscription price will be adjusted accordingly, so as to maintain the same cost of exercising the subscription rights of each Warrantholder with effect from the record date for such capitalisation, sub-division or consolidation. On any such capitalisation, sub-division or consolidation the auditors for the time being of the Company ("the Auditors") shall report on the appropriate adjustments and, within 28 days thereafter, notice of such adjustments will be sent to each Warrantholder together with a Warrant certificate in respect of the additional Ordinary Shares (if any) for which the Warrantholder is entitled to subscribe in consequence of such adjustments. Such additional subscription rights shall confer the same rights and privileges and be subject to the same restrictions and obligations as the subscription rights which subsist at the date of the relevant capitalisation, sub-division or consolidation subject to any adjustment to the subscription price which is made in pursuance of this paragraph 2(a).

- (b) If, on a date (or by reference to a record date) on or before the final subscription date, the Company makes any offer or invitation to the holders of Ordinary Shares (whether by rights issue or otherwise but not being an offer to which paragraph 3(f) applies) or any offer or invitation (not being an offer to which paragraph 3(g) applies) is made to such shareholders

otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then Warrantholders as if their subscription rights had been exercisable and had been exercised on the day immediately preceding the record date of such offer or invitation on the terms (subject to any adjustment pursuant to paragraph 2(a)) on which the same could have been exercised if they had then been exercisable, provided that, if the Directors so resolve in the case of any such offer or invitation made by the Company, the Company shall not be required to procure that the same offer or invitation is made to the then Warrantholders but the subscription price shall be adjusted (i) in the case of an offer of new Ordinary Shares for subscription by way of rights at a price less than the market price at the date of announcement of the terms of the offer, by multiplying the subscription price in force immediately before such announcement by a fraction of which the numerator is the number of Ordinary Shares in issue on the date of such announcement plus the number of Ordinary Shares which the aggregate of the amount payable for the total number of Ordinary Shares comprised in such rights issue would purchase at such market price and the denominator is the number of Ordinary Shares in issue on the date of such announcement plus the aggregate number of Ordinary Shares offered for subscription and (ii) in any other case, in such manner as the Auditors shall certify to be fair and reasonable. Any such adjustment shall become effective as at the record date for the offer or invitation. For the purposes of this paragraph "market price" shall mean the average of the mean of the quotations (as derived from the London Stock Exchange Daily Official List) for one Ordinary Share for the five consecutive dealing days ending on the dealing day immediately preceding the date on which the market price is to be ascertained. The Company shall give notice to such Warrantholders within 28 days of any adjustment made pursuant to this paragraph 2(b).

- (c) If at any time a Warrantholder shall become entitled to exercise his subscription rights pursuant to paragraph 3(g), the subscription price payable on such exercise of the subscription rights (but not otherwise) shall be reduced by an amount determined by the Auditors in accordance with the following formula:

$$A=(B+C)-D$$

where:

A=the reduction in the subscription price,

B=the subscription price applicable (subject to any adjustments pursuant to paragraphs 2(a) and (b)) on the date on which the Company shall become aware as provided in paragraph 3(g);

C=the average of the mean of the quotations (as derived from the London Stock Exchange Daily Official List) for one Warrant for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(g) (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of any announcement of the intention to make such offer; and

D=the average of the mean of the quotations (as derived from the London Stock Exchange Daily Official List) for one Ordinary Share for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in

paragraph 3(g) (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of any announcement of the intention to make such offer,

provided that:

- (i) the subscription price shall not be reduced so as to cause the Company to be obliged to issue Ordinary Shares at a discount to nominal value and, if the application of the above formula would, in the absence of this sub-paragraph (i), have reduced the subscription price to below the then nominal value of an Ordinary Share, the number of Ordinary Shares to be subscribed on any exercise of the subscription rights in accordance with paragraph 3(g) but not otherwise shall be adjusted in such manner as the Auditors shall report to be appropriate to achieve the same economic result for the Warrantholders as if the subscription price had been reduced without regard to this sub-paragraph (i) (but ignoring any resulting fractional entitlement); and
- (ii) no adjustment shall be made to the subscription price where the value of D exceeds the aggregate value of B and C in the above formula.

The notice required to be given by the Company under paragraph 3(g) shall give details of any reduction in the subscription price pursuant to this paragraph 2(c).

- (d) If paragraph 3(i) below shall apply and each Warrantholder shall be treated as if his subscription rights had been exercisable and had been exercised as therein provided, the subscription price which would have been payable on such exercise shall be reduced by an amount determined by the Auditors in accordance with the following formula:

$$A = (B + C) - D$$

where

A = the reduction in the subscription price;

B = the subscription price which would be applicable (subject to any adjustments pursuant to paragraphs 2(a) and 2(b)) if the subscription rights were exercisable on the day immediately before the date on which the order referred to in paragraph 3(i) shall be made or on which the effective resolution referred to in that paragraph shall be passed (as the case may be);

C = the average of the mean of the quotations (as derived from the London Stock Exchange Daily Official List) for one Warrant for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the presentation of the petition for such order or of the notice convening the meeting at which such resolution shall be passed (as the case may be) or, if applicable and earlier, the date of any announcement of the presentation of such petition or of the convening of such meeting (as the case may be) or that the same is proposed or, if there shall be more than one such announcement the first thereof; and

D = the amount (as determined by the Auditors) of the surplus available for distribution amongst the holders of the Ordinary Shares which is attributable to each Ordinary Share (taking into account for this purpose the Ordinary Shares which would arise on exercise of all the subscription rights and the subscription price which would be payable

on the exercise of such subscription rights) subject to any adjustments pursuant to paragraphs 2(a) and 2(b) above and this paragraph 2(d), Provided that no adjustment shall be made to the subscription price where the value of D exceeds the aggregate value of B and C in the above formula.

3. OTHER PROVISIONS

So long as any subscription rights remain exercisable:

- (a) the Company shall not (except with the sanction of an extraordinary resolution of the Warrantholders) (i) make any distribution of capital profits or capital reserves (including all surpluses and accretions required to be credited to capital reserve by the Company's Articles of Association) except by means of a capitalisation issue in the form of fully paid Ordinary Shares or (ii) issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares or (iii) on or by reference to a record date falling within the period of six weeks ending on any subscription date make any such allotment as is referred to in paragraph 2(a) or any such offer or invitation as is referred to in paragraph 2(b) (except by extending to Warrantholders any such offer or invitation as may be made by a third party);
- (b) the Company shall not (except with the sanction of an extraordinary resolution of the Warrantholders) in any way modify the rights attached to its existing Ordinary Shares as a class (but so that nothing herein shall restrict the right of the Company to increase or to consolidate or sub-divide its share capital), or create or issue any new class of equity share capital (as defined in section 744 of the Companies Act 1985) except for shares which, as compared with the rights attached to the existing Ordinary Shares, carry rights which are not more advantageous as regards voting, dividend or return of capital;
- (c) the Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves, nor make any such offer as is referred to in paragraph 2(b), if in either case as a result the Company would on any subsequent exercise of the subscription rights be obliged to issue Ordinary Shares at a discount to nominal value;
- (d) the Company shall not (except with the sanction of an extraordinary resolution of the Warrantholders) (i) amend its Articles of Association so as to enable any distribution of capital profits or capital reserves (save as permitted by sub-paragraph 3(a) above) or (ii) (except as authorised by sections 130-134 (inclusive) or section 170 of the Companies Act 1985) reduce its share capital or any share premium account or capital redemption reserve;
- (e) (i) the Company shall keep available for issue sufficient authorised but unissued share capital to satisfy in full all subscription rights remaining exercisable without the need for the passing of any resolutions of shareholders;
- (ii) the Company shall not make any allotment of fully paid Ordinary Shares by way of capitalisation of capital profits or reserves unless at the date of such allotment the Directors of the Company have authority for the purposes of section 80 of the Companies Act 1985 to grant the additional rights to subscribe to which the Warrantholders would by virtue of paragraph 2(a) be entitled in consequence of such capitalisation

and section 89(1) of the Companies Act 1985 shall have been disapplied to the extent (if any) necessary to enable such grant; and

- (iii) the Company shall not make any such offer or invitation as is referred to in paragraph 2(b) to the holders of Ordinary Shares unless:
 - (a) where such offer or invitation involves the allotment of relevant securities (as defined in section 80 of the Companies Act 1985) the Directors shall have authority for the purposes of the said section 80 to allot any such securities to be allotted to the Warrantheholders in accordance with paragraph 2(b); and
 - (b) section 89(1) of the Companies Act 1985 shall have been disapplied to the extent (if any) necessary to enable the Company to make such offer or invitation to the Warrantheholders and to effect any allotment pursuant thereto;
- (f) if at any time an offer or invitation is made by the Company to the holders of its Ordinary Shares for the purchase by the Company of any of its Ordinary Shares, the Company shall simultaneously give notice thereof to the Warrantheholders and each Warrantheholder shall be entitled, at any time while such offer or invitation is open for acceptance, to exercise his subscription rights on the terms (subject to any adjustments pursuant to paragraphs 2(a) and (b)) on which the same could have been exercised if they had been exercisable on the day immediately preceding the record date for such offer or invitation;
- (g) subject to paragraph 3(h), if at any time an offer is made to all holders of Ordinary Shares (or such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies or persons as aforesaid, the Company shall give notice to the Warrantheholders of such vesting within 14 days of its becoming so aware and each Warrantheholder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise his subscription rights on the terms (subject to any adjustments pursuant to paragraphs 2(a), (b) and (c)) on which the same could have been exercised if they had been exercisable on the day on which the Company shall become aware as aforesaid. The publication of a scheme of arrangement under section 425 of the Companies Act 1985 providing for the acquisition (by whatever means) by any person of the whole or any part of the issued ordinary share capital of the Company shall be deemed to be the making of an offer for the purposes of this paragraph 3(g) and references in these terms and conditions to such an offer shall be read and construed accordingly;
- (h) if any offer as is referred to in paragraph 3(g) shall be made whereunder the consideration shall consist solely of the issue of ordinary shares of the offeror and the offeror shall make available an offer of warrants to subscribe for ordinary shares in the offeror in exchange for the Warrants which the financial advisers to the Company shall consider in their opinion (acting as experts and not as arbitrators) to be fair and reasonable (having regard to the terms of the offer and any other circumstances which may appear to the financial advisers to the Company to be relevant), then any Director of the Company shall be authorised as attorney for the Warrantheholders (i)

to execute a transfer thereof in favour of the offeror in consideration of the issue of warrants to subscribe for ordinary shares in the offeror as aforesaid whereupon all the Warrants shall lapse and (ii) to do all such acts and things as may be necessary or appropriate in connection therewith, subject in both (i) and (ii) aforesaid to such offer becoming or being declared unconditional in all respects and the offeror being in a position compulsorily to acquire the whole of the issued ordinary share capital of the Company;

- (i) if an order is made or an effective resolution is passed for winding up the Company (except for the purposes of reconstruction, amalgamation or unitisation on terms sanctioned by an extraordinary resolution of the Warrantholders), each Warrantholder shall (if in such winding up and on the basis that all subscription rights then unexercised had been exercised in full and the subscription price therefor (taking account of any adjustments to the subscription price pursuant to paragraphs 2(a), 2(b) and 2(d)), had been received in full by the Company there would be a surplus available for distribution amongst the holders of the Ordinary Shares, including for this purpose the Ordinary Shares which would arise on exercise of all the subscription rights (taking account of any adjustments to the subscription price pursuant to paragraphs 2(a), 2(b) and 2(d)), which would on such basis exceed in respect of each Ordinary Share a sum equal to such subscription price) be treated as if immediately before the date of such order or resolution (as the case may be) his subscription rights had been exercisable and had been exercised in full on the terms (subject to any adjustments pursuant to paragraphs 2(a), (b) and (d)) on which the same could have been exercised if they had been exercisable on the day immediately before the date of such order or resolution (as the case may be) and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Ordinary Shares such a sum as he would have received had he been the holder of the Ordinary Shares to which he would have become entitled by virtue of such subscription after deducting a sum per Ordinary Share equal to the subscription price (subject to any adjustments pursuant to paragraphs 2(a), (b) and (d)). Subject to the foregoing, all subscription rights shall lapse on liquidation of the Company; and
- (j) the Company shall not change its accounting reference date from 31st December except to a date falling within seven days before or after 31st December without giving to the Warrantholders not less than two months' notice thereof and of the new date to be substituted for 30th April in paragraph 1(a).

4. MODIFICATION OF RIGHTS

All or any of the rights for the time being attached to the Warrants may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of an extraordinary resolution of the Warrantholders. All the provisions of the Articles of Association for the time being of the Company as to general meetings shall *mutatis mutandis* apply as though the Warrants were a class of shares forming part of the capital of the Company but so that (a) the necessary quorum shall be Warrantholders present in person or by proxy entitled to subscribe for one-third in nominal amount of the Ordinary Shares attributable to such outstanding Warrants, (b) every Warrantholder present in person at any such meeting shall be entitled on a show of hands to one vote and every Warrantholder present in person

or by proxy at any such meeting shall be entitled on a poll to one vote for each Ordinary Share for which he is entitled to subscribe, (c) any Warrantholder present in person or by proxy may demand or join in demanding a poll and (d) at any adjourned meeting those Warrantholders present in person or by proxy shall be a quorum (whatever the number of Warrants held or represented by such Warrantholders).

5. TRANSFER

Each Warrant will be registered and will be transferable in whole or in part by instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors. No transfer of a right to subscribe for a fraction of an Ordinary Share may be effected. Subject as aforesaid, the provisions of the Articles of Association for the time being of the Company relating to the registration, transfer and transmission of Ordinary Shares and the issue of certificates shall apply mutatis mutandis to the Warrants.

6. PURCHASE OF WARRANTS

The Company and its subsidiaries shall have the right to purchase Warrants in the market or at any price by tender (available to all Warrantholders alike) or by private treaty or otherwise. All Warrants so purchased shall forthwith be cancelled and shall not be available for re-issue or re-sale.

7. GENERAL

- (a) The Company will concurrently with the issue of the same to the holders of its Ordinary Shares send to each Warrantholder (or, in the case of joint holders, to the first named) a copy of each published annual report and accounts of the Company together with all documents required by law to be annexed thereto, and copies of all statements, notices, circulars and other documents issued by the Company to holders of Ordinary Shares.
- (b) For the purposes of these conditions, "extraordinary resolution of the Warrantholders" means a resolution proposed at a meeting of the Warrantholders duly convened and held and passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll.
- (c) If any subscription date would, but for the provisions of this paragraph 7(c), fall on a day which is not a business day, the relevant subscription date shall be the next following business day.
- (d) For the purposes of these terms and conditions
 - (i) "business day" means a day (other than a Saturday) on which banks in London are open for business,
 - (ii) "dealing day" means a day on which dealings take place on the London Stock Exchange and
 - (iii) "financial year" has the meaning ascribed thereto by section 223 of the Companies Act 1985 as inserted by the Companies Act 1989.
- (e) Any determination or adjustment made pursuant to these terms and conditions by the Auditors shall be made by them as experts and not as arbitrators and any such determination or adjustment made by them shall be final and binding on the Company and each of the Warrantholders.
- (f) Any reference to a statutory provision shall include that provision as from time to time modified or re-enacted.

PART V

The Equity Index-Linked Stock

THE FT-ACTUARIES EUROPE EX. UK INDEX

The country and industrial sector basis point weightings (subject to rounding) within the Index, as at 31st August, 1991, are set out below:

Austria	37	19	13	6	9	2	39	122
Belgium	161	91	106	—	41	3	70	471
Denmark	96	—	2	74	101	16	8	297
Finland	6	—	—	—	2	4	8	20
France	507	231	128	23	786	263	272	2,210
Germany	839	—	133	26	500	388	592	2,478
Ireland	43	1	—	—	16	1	36	96
Italy	582	5	138	—	146	68	47	985
Netherlands	156	440	—	23	276	79	56	1,032
Norway	2	37	—	17	13	13	4	86
Spain	337	96	224	25	50	12	83	833
Sweden	29	—	—	—	109	105	33	276
Switzerland	274	—	13	4	596	78	128	1,093
Total	3,189	930	738	190	2,644	1,030	1,382	10,000

The above information is jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries, and has been supplied by County NatWest Securities.

PARTICULARS OF THE EQUITY INDEX-LINKED STOCK

The Equity Index-Linked Stock ("the Stock") was created by a Resolution of the Board of Directors of the Company passed on 4th October, 1991 and will be constituted by a trust deed ("the Trust Deed") to be entered into between the Company and Sun Alliance Trust Company Limited, a trust corporation, as trustees ("the Trustees") for the Stockholders (as defined below). The Stock will be in registered form and will rank as an unsecured obligation of the Company pari passu with other unsecured obligations of the Company. Copies of the Trust Deed when executed will be available for inspection by Stockholders at the registered office for the time being of the Company. Each unit of Stock will be issued at par at the Issue Price (as defined below), with a nominal amount equal to the Issue Price. The Trust Deed will contain, inter alia, provisions to the following effect:

1. INTERPRETATION

- (i) The following expressions have the following meanings:
 - (A) "FT-Actuaries World Indices" means the FT-Actuaries World Indices compiled jointly by The Financial Times Limited, Goldman, Sachs & Co. and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries and presently published in the Financial Times;
 - (B) "Index" means the FT-Actuaries Europe Ex. UK Index comprised in the FT-Actuaries World Indices or, if a Comparable Index has been adopted pursuant to the provisions referred to in paragraph (ii) below, the Comparable Index;
 - (C) "Index No." means the number quoted as the Pound Sterling Index in the Index;

- (D) "Gross Dividend Yield" means the number quoted as the Gross Dividend Yield or "Gross Div. Yield" in the Index;
- (E) "Date of Issue" means in respect of the Original Stock the Compilation Day (expected to be 5th November, 1991) immediately preceding the date on which dealings in Units of Original Stock on the London Stock Exchange are expected to commence (expected to be 6th November, 1991) and means in respect of Further Stock the date on which such Further Stock is issued;
- (F) "Interest Reference Date" means the date of the last Compilation Day in February, May, August and November in each year, the first Interest Reference Date in respect of the Original Stock being such date as occurs in February 1992;
- (G) "Interest Payment Date" means the last Dealing Day in March, June, September and December in each year, the first Interest Payment Date in respect of the Original Stock being the last Dealing Day in March 1992;
- (H) "Compilation Day" means any day in respect of which the Index No. and Gross Dividend Yield are published (in the Financial Times or elsewhere) or compiled and otherwise ascertainable;
- (I) "Stockbrokers" means stockbrokers appointed by the Trustees with the approval of the Company, such approval not to be unreasonably withheld or delayed;
- (J) "Subsidiary" means any company which is for the time being a subsidiary undertaking (within the meaning attached to that expression by section 258 of the Act) of the Company;
- (K) "Unit of Stock" or "Unit" means one unit of Stock with a nominal value equal to the Issue Price;
- (L) "Issue Price" means the subscription price per Unit of Original Stock, being the price ascertained by dividing the Index No. for the Compilation Day immediately preceding the Date of Issue (as published on the Date of Issue) by 100 and expressing the resulting number as pounds sterling rounded to four decimal places;
- (M) "Stock" means and includes the Original Stock and any Further Stock or, as the case may be, the number of Units thereof for the time being issued and outstanding or, as the context may require, a specific portion thereof;
- (N) "Stockholders" means the several persons for the time being entered in the register of the Stockholders as the holders of Stock;
- (O) "Original Stock" means such number of Units of Equity Index-Linked Unsecured Loan Stock 2001 of the Company as may be issued on the Date of Issue pursuant to the Stock placing or, as the case may be, the number of Units thereof for the time being issued and outstanding or, as the context may require, a specific portion thereof;
- (P) "Further Stock" means any further Equity Index-Linked Unsecured Loan Stock 2001 which may be created and issued by the Company pursuant to the terms of the Trust Deed as described in paragraph 5 below or, as the case may be, the number of Units thereof for the time being issued and outstanding or, as the context may require, a specific portion thereof;
- (Q) "Capital Value" means in respect of one Unit of Stock the Index No. for the date on which the Capital Value of the Unit of Stock falls to be calculated divided by 100 and then expressed as pounds sterling rounded

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to four decimal places and so in proportion for any greater number of Units of Stock;

- (R) "Auditors" means Auditors as defined in the Trust Deed;
- (S) "Redemption Date" means any date by reference to which Stock falls to be redeemed in accordance with the terms of the Trust Deed as described in paragraph 3 below and for which the Capital Value has to be calculated for the purpose of such redemption of Stock;
- (T) "Settlement Date" means, in relation to a Redemption Date, the fifth business day (being a day on which banks are open for business in the City of London) after such Redemption Date;
- (U) "pounds", "pounds sterling", "sterling", "£", "penny" and "p" shall each mean the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;
- (V) "Comparable Index" means an index of performance of equity securities listed on stock exchanges of continental Europe which at the time of its adoption is derived and compiled substantially in the same manner as the Index was last derived and compiled prior to such adoption and which includes figures representing the capital value and the gross dividend yield of its constituent securities and which at the time of its adoption is, in the opinion of the Stockbrokers at their sole discretion, comparable and authoritative;
- (W) "Dealing Day" means any day on which the London Stock Exchange is open for business;
- (X) "Extraordinary Resolution" means an Extraordinary Resolution as defined in the Trust Deed; and
- (Y) "Directors" means the Board of Directors for the time being of the Company.
- (ii) In the event of compilation of the Index being discontinued or temporarily interrupted (such that either the Index No. or the Gross Dividend Yield is neither published (in the Financial Times or elsewhere) nor compiled and otherwise ascertainable in accordance with paragraph (iv) below), the Company may by notice in writing to the Stockholders adopt a Comparable Index in place of the Index provided that, both in the opinion of the Directors and in the opinion of the Trustees following consultation with the Stockbrokers, the adoption of the Comparable Index is not materially prejudicial to the interests of the Stockholders.
- (iii) For the purposes of the provisions of sub-paragraphs (ii) and (iii) of paragraph 3(B) below, the Index shall not be regarded as discontinued if its publication or compilation is temporarily interrupted unless the Index No. and Gross Dividend Yield are neither published (in the Financial Times or elsewhere) nor compiled and otherwise ascertainable in accordance with paragraph (iv) below for a continuous period of thirty days and the Index is not to be regarded as discontinued and the basis of calculation of the Index is not to be regarded as materially changed if it is replaced by a Comparable Index which is adopted pursuant to the provisions referred to in paragraph 1(ii) above.
- (iv) Where reference is required to be made to the Index No. or the Gross Dividend Yield for any particular date ("the relevant date") for the purpose of calculating interest payable on the Stock or the Capital Value, the figures for the Index No. and Gross Dividend Yield, or such of them to which

reference is required to be made, ("the relevant figures") shall be those published in the Financial Times or elsewhere in respect of the relevant date (or, if the relevant date is not a Compilation Day, the immediately preceding Compilation Day), provided that if the relevant figures for the relevant date (or, as the case may be, the immediately preceding Compilation Day) are not published in the Financial Times or elsewhere within two Dealing Days after the relevant date (or, as the case may be, the immediately preceding Compilation Day), the relevant figures, if it is possible to ascertain them within two Dealing Days after the relevant date (or, as the case may be, the immediately preceding Compilation Day), shall be those in the Index compiled as at the close of business on the relevant date (or, as the case may be, the immediately preceding Compilation Day), failing which they shall be those in the Index at the latest time before the close of business on the relevant date (or, as the case may be, the immediately preceding Compilation Day) at which the Index was compiled and which can be ascertained before or within two Dealing Days after the relevant date (or, as the case may be, the immediately preceding Compilation Day). In the event of the relevant figures being compiled or published more than once for any particular date, the relevant figures shall be taken to be those compiled or published at or closest to the close of business on that date, provided that relevant figures which were not published and could not be ascertained on or before the second Dealing Day after the relevant date (or, as the case may be, the immediately preceding Compilation Day) shall be ignored. In the event that the Index is re-based, that is if the compilers of the Index make an adjustment to the Index No. unrelated to the price or value of the underlying securities and which is for the purpose of providing a base value deemed by the compilers to be more appropriate or convenient, but no other change is made in the Index apart from changes which are consequential upon such re-basing, the relevant figures thereafter shall not be those actually published or comprised in the Index but shall be those which would have been so published or comprised if such re-basing had not taken place. Any calculation of interest or Capital Value made by reference to the appropriate figures referred to above or any figures substituted therefor by way of amendments officially made within two Dealing Days after the relevant date (or, as the case may be, the immediately preceding Compilation Day) shall (if certified by the Auditors as correct as provided for in paragraphs 2(C) and 3(D) below) be conclusive and binding on the Company, the Trustees and the Stockholders.

2. INTEREST

- (A) Interest on the Stock will be payable in arrear on each Interest Payment Date in respect of the period from (but excluding) the last preceding Interest Payment Date or, as the case may be, from (and including) the Date of Issue to (and including) the relevant Interest Payment Date in respect of each 100 Units of Stock and in proportion in respect of any greater or lesser holding of Units of Stock and will be calculated in accordance with the following formula:

$$\text{£Y} = \text{£A} \times \frac{\text{B}}{100} \times \frac{\text{C}}{365}$$

where:

Y is the interest payable on 100 Units of Stock;

A is the Capital Value of 100 Units of Stock for the Interest Reference Date immediately preceding the relevant Interest Payment Date;

B is the Gross Dividend Yield for such Interest Reference Date; and

C is the number of days which have elapsed from (but excluding) the last Interest Payment Date to (and including) the relevant Interest Payment Date or, in calculating the interest payable on the first Interest Payment Date, from (and including) the Date of Issue to (and including) the first Interest Payment Date.

- (B) All payments of interest on the Stock under any of the provisions of the Trust Deed shall be made subject to such deductions (if any) of any sum representing the amount of income tax thereon as may be required by law.
- (C) Each calculation of interest required for the purposes of this paragraph 2 shall be certified as correct by the Auditors.
- (D) Interest on any holding of Stock will be rounded downwards to the nearest whole penny.
- (E) In the event that the Financial Times (or any other publication from which the Index No. or Gross Dividend Yield for any date has been ascertained) publishes a revised figure or percentage for the Index No. or Gross Dividend Yield on any date (and such revised figure or percentage has not resulted from any re-basing of the Index) which corrects an error in a previously published figure or percentage then:
 - (a) if such revised figure or percentage relates to an error in the Index No. or Gross Dividend Yield for an Interest Reference Date and is published not less than three Dealing Days prior to the Interest Payment Date relative thereto, the interest payable on that Interest Payment Date shall be calculated using the revised figure or percentage as applicable;
 - (b) if such revised figure or percentage relates to an error in the Index No. or Gross Dividend Yield for an Interest Reference Date and is published less than three Dealing Days before, on or after the Interest Payment Date relative thereto, the interest payable on the next succeeding Interest Payment Date (or, if earlier, the Redemption Date) shall be adjusted to compensate for the error in the amount of the interest paid on the preceding Interest Payment Date; and
 - (c) if such revised figure or percentage relates to an error in the Index No. or Gross Dividend Yield for a Redemption Date (or if the Redemption Date is not a Compilation Day the immediately preceding Compilation Day) and is published prior to the Settlement Date relative thereto, the interest payable on that Settlement Date (if any) and the Capital Value of the Stock payable on that Settlement Date shall be calculated using the revised figure or percentage as applicable.

3. REDEMPTION AND PURCHASE

The Stock will be issued for a fixed period ending on 31st December, 2001 subject to any rights of redemption set out below.

(A) On the liquidation of the Company (the occurrence of which shall constitute an event of default by the Company), any part of the Stock not previously redeemed or purchased and cancelled will be redeemed on the Settlement Date immediately following the Date of Liquidation in an amount equal to the Capital Value thereof at the Date of Liquidation together with accrued interest to (and including) the Date of Liquidation. The expression "Date of Liquidation" means in the case of a winding up by the Court (otherwise than subsequent to a resolution of the Company in general meeting for winding up) the date of the presentation of the petition for winding up and in any other case the date of the passing of the resolution to wind up the Company. Accrued interest in respect of the period from (but excluding) the Interest Payment Date immediately preceding the Date of Liquidation to (and including) the Date of Liquidation shall be calculated in accordance with paragraph 2(A) above as amended by sub-paragraph (vii) of paragraph 3(B) below and for these purposes the Date of Liquidation shall be a Redemption Date.

(B) The Stock shall otherwise be redeemed by the Company in accordance with the following provisions:

Redemption on final Redemption Date

(i) To the extent that the Stock has not previously been redeemed or purchased and cancelled, the Company shall redeem the whole of the Stock on the Settlement Date immediately following 31st December, 2001, which date of 31st December, 2001 shall be a Redemption Date, at the Capital Value thereof on that Redemption Date. The interest payable in respect of the period from (but excluding) the last Dealing Day in September 2001 to (and including) the Redemption Date shall be payable on that Redemption Date and calculated by reference to the immediately preceding Interest Reference Date in accordance with paragraph 2(A) above.

Redemption following discontinuance of, or change in basis of calculation of, the Index

(ii) If the Index is discontinued (and no Comparable Index has been adopted in its place) or if the basis of calculation of the Index is, in the opinion of the Stockbrokers at their sole discretion, fundamentally changed in a manner detrimental to the interests of the Stockholders and in either case the Company wishes to substitute another index for the Index, there shall be proposed at a meeting of Stockholders to be convened as soon as practicable and in any event for a date not later than sixty days after the date of discontinuance or fundamental change, as the case may be, an Extraordinary Resolution for obtaining the assent of the Stockholders to the substitution of such other index as may be proposed by the Company for the Index and to such modifications of the provisions of the Trust Deed as may also be proposed by the Company as may be necessary to make the proposed index applicable to the Stock in the same way as the Index and for authorising the Trustees to concur in and execute any supplemental trust deed embodying such modifications. In the event of the Extraordinary Resolution not being passed, the Company shall subject to the provisions of sub-paragraph (x) of this paragraph 3(B) redeem the whole, but not part only, of the Stock on the Settlement Date following the date falling forty days after the date of the meeting or in the event of such meeting being adjourned, forty days after the date of the reconvened meeting at which the said Extraordinary Resolution failed to be passed, which applicable fortieth day shall be a Redemption Date,

at the Capital Value thereof on that Redemption Date together with interest accrued on the Stock to (and including) such Redemption Date payable in accordance with the provisions of the Trust Deed as referred to in sub-paragraph (vii) of this paragraph 3(B). The Capital Value of the Stock on the Redemption Date and the interest accrued on the Stock to (and including) such Redemption Date shall for the purpose of this sub-paragraph (ii) be calculated in accordance with the provisions of the Trust Deed as referred to in sub-paragraph (viii) of this paragraph 3(B).

- (iii) Subject to the provisions of sub-paragraph (x) of this paragraph 3(B), if the Index is discontinued (and no Comparable Index has been adopted in its place) or if the basis of calculation of the Index is, in the opinion of the Stockbrokers at their sole discretion, fundamentally changed in a manner detrimental to the interests of the Stockholders and no meeting of Stockholders is convened as contemplated in sub-paragraph (ii) of this paragraph 3(B), the Company shall give notice in writing to the Stockholders on the earliest practicable date of its intention to redeem the Stock and shall redeem on the Settlement Date following the date falling forty days after the date of such notice, which fortieth day shall be a Redemption Date, the whole, but not part only, of the Stock at the Capital Value thereof on that Redemption Date together with interest accrued on the Stock to (and including) such Redemption Date payable in accordance with the provisions of the Trust Deed as referred to in sub-paragraph (vii) of this paragraph 3(B). The Capital Value of the Stock on the Redemption Date and the interest accrued on the Stock to (and including) such Redemption Date shall for the purpose of this sub-paragraph (iii) be calculated in accordance with the provisions of the Trust Deed as referred to in sub-paragraph (viii) of this paragraph 3(B).

Company's right to redeem

- (iv) If:
- (a) the Company comes, whether as a result of legislation or otherwise howsoever, within the charge to United Kingdom corporation or other tax on its chargeable or capital gains in respect of any accounting period, or
 - (b) there is any change in the treatment of the Stock for the purposes of United Kingdom taxation which in the Directors' opinion (certified by the Auditors to be reasonable) would have a material adverse effect on the Company if the Stock were not redeemed,

the Company may redeem, on the Settlement Date following the Redemption Date specified in this sub-paragraph (iv), the whole, but not part only, of the Stock at the Capital Value thereof on that Redemption Date together with interest accrued on the Stock to (and including) such Redemption Date, calculated and payable in accordance with the provisions of sub-paragraph (vii) of this paragraph 3(B). For the purpose of this sub-paragraph (iv), the Redemption Date shall be such date as the Directors may in their sole discretion determine, provided that (1) the Company shall give not more than eight nor less than four weeks' notice in writing (in a form previously approved by the Trustees) to the Stockholders of such Redemption Date and (2) such Redemption Date shall not be later than eighteen months after the event giving rise to the right to redeem the Stock under this sub-paragraph (iv).

Take-over offer

- (v) If any offer is made to all (or as nearly as may be practicable all) the holders of the Ordinary shares (or to all (or as nearly as may be practicable all) such holders other than the offeror and/or any company controlled by the offeror and/or any person associated, or acting in concert, with the offeror) to acquire the whole or any part of the Ordinary shares and the Company becomes aware that the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or any company controlled by the offeror and/or any person associated, or acting in concert, with the offeror, then, subject to the provisions of sub-paragraph (c) of this paragraph 3(B), the Company shall within fourteen days of its becoming so aware give notice of the fact in writing (in a form previously approved by the Trustees) to the Stockholders and shall redeem on the Settlement Date following the date falling forty days after the date of such notice, which fortieth day shall be a Redemption Date, the whole, but not part only, of the Stock, at the Capital Value thereof on that Redemption Date together with interest accrued on the Stock to (and including) such Redemption Date (calculated and payable in accordance with the provisions of the Trust Deed as referred to in sub-paragraph (vii) of this paragraph 3(B)). For the purpose of this sub-paragraph (v), the proposing of a scheme of arrangement under any statute for the time being applicable to companies providing for the acquisition by or vesting in any person of the whole or any part of the Ordinary shares shall be deemed to be the making of an offer.

Redemption following event of default

- (vi) If the Stock becomes repayable following an event of default as specified in the Trust Deed, it shall be repaid on the relevant Settlement Date following the Redemption Date specified in this sub-paragraph (vi) at the Capital Value thereof on that Redemption Date together with interest accrued on the Stock to (and including) such Redemption Date payable in accordance with sub-paragraph (vii) of this paragraph 3(B). For the purpose of this sub-paragraph (vi) the Redemption Date shall be the date on which the Trustees declare the Stock to have become repayable. The Trust Deed contains provisions placing the Company under a duty both to ensure and procure that no event of default shall occur.

General provisions relating to calculation of interest and Capital Value

- (vii) Save where the Stock is redeemed pursuant to the provisions of sub-paragraph (i) of this paragraph 3(B), the interest payable in respect of the period commencing on (but excluding) the last preceding Interest Payment Date (or, as the case may be, commencing on (and including) the Date of Issue) to (and including) the Redemption Date shall (even if the Redemption Date is itself an Interest Payment Date) be calculated (subject to sub-paragraph (viii) of this paragraph 3(B)) as if the Redemption Date were an Interest Reference Date and shall be paid on the Settlement Date relating to such Redemption Date. Where the Stock is redeemed pursuant to the provisions of sub-paragraph (i) of this paragraph 3(B) the interest payable in respect of the period commencing on (but excluding) the last preceding Interest Payment Date to (and including) the Redemption Date shall be calculated by reference to the Interest Reference Date immediately

preceding such Redemption Date and shall be paid on that Redemption Date. Except in the circumstances contemplated in sub-paragraph (ix) of this paragraph 3(B) no interest shall be payable in respect of the period from (but excluding) the Redemption Date to (and including) the relative Settlement Date.

- (viii) For the purpose of sub-paragraphs (ii) and (iii) of this paragraph 3(B), (a) the Capital Value of the Stock on the Redemption Date shall be calculated as if the last date for which the Index was compiled or for which it was compiled before the relevant fundamental change, as the case may be, were the Redemption Date and (b) the interest accrued on the Stock to (and including) the Redemption Date shall be calculated in accordance with the provisions of sub-paragraph (vii) of this paragraph 3(B) as if such last date were the Interest Reference Date.

Provisions relating to payment of interest if redemption is not effected on the relevant Settlement Date

- (ix) If any Stock that is due to be redeemed in accordance with the provisions of any of sub-paragraphs (i) to (vi) of this paragraph 3(B) is not redeemed on the relevant Settlement Date, the Company shall, subject to any contrary provisions in the Trust Deed, pay interest on the Capital Value (calculated on the Redemption Date applicable to the relevant Settlement Date) of any Stock not so repaid from (but excluding) such Redemption Date to (and including) the date of repayment thereof at the rate of one per cent. per annum over the base rate from time to time of Barclays Bank PLC.
- (x) No notice need be given to Stockholders in accordance with the provisions of sub-paragraph (iii) or (v) of this paragraph 3(B) and no redemption of Stock need be effected under sub-paragraph (ii), (iii), (v) or (vi) of this paragraph 3(B) if the Redemption Date thereunder would be on or after 31st December, 2001 or on or after the Date of Liquidation (as referred to in paragraph 3(A) above).
- (C) All payments of Capital Value on the Stock will be made subject to such deductions (if any) of any sum representing the amount of income tax thereon as may be required by law.
- (D) Each calculation of interest or Capital Value required for the purposes of this paragraph 3 shall be certified as correct by the Auditors.
- (E) The Company will be entitled at any time to purchase Stock through the market at the market price, provided that such market price does not exceed 5 per cent. above the amount equal to the average of the Relative Prices during the period of 10 Dealing Days immediately prior to the date of such purchase. For this purpose the Relative Price for any Dealing Day is the middle market quotation for a Unit of Stock for such Dealing Day (as derived from the London Stock Exchange Daily Official List).

Stock purchased by the Company may be re-issued by the Company and kept alive for re-issue or cancelled at any time.

4. BORROWING LIMIT AND OTHER RESTRICTIONS

- (A) The Company will procure that, so long as any part of the Stock remains outstanding, the aggregate amount of all moneys borrowed (as defined below) by the Company and the Subsidiaries ("the Group") (exclusive of borrowings by one member of the Group from another) shall not

immediately following the incurring of any borrowing exceed (a) until the date of publication of the first Balance Sheet (as defined below) one half of the amount paid up or credited as paid up on the share capital of the Company, including any share premium or capital redemption reserve of the Company, but adjusted in respect of any variation in the paid up share capital, share premium or capital redemption reserve of the Company and (b) thereafter, a sum equal to one half of the Adjusted Total of Capital and Reserves (as defined below)

(B) For the purpose of paragraph 4(A) above:

(a) "moneys borrowed" shall be deemed to include but shall not be restricted to:

- (i) the principal amount for the time being outstanding of any debentures (as defined in section 744 of the Act) together with any fixed or minimum premium payable on final redemption or repayment thereof (or, in the case of an index-linked stock or other index-linked obligation, the highest amount that would be repayable thereon under the provisions of the instrument constituting or regulating such stock or obligation if such stock or obligation were to be redeemed on the date on which the calculation falls to be made);
- (ii) the outstanding amount of acceptances by any member of the Group or by any bank or accepting house under any acceptance credit opened on behalf and in favour of any member of the Group;
- (iii) the principal amount for the time being owing of any moneys borrowed by or other indebtedness of and the nominal amount of any share capital of any person or body whether corporate or incorporate the repayment whereof or the payment of any premium, interest or dividends whereon is for the time being guaranteed or secured or the subject of an indemnity given by any member of the Group and the beneficial interest in the right to such repayment or payment is not owned by any member of the Group; and
- (iv) the nominal amount of any issued share capital of any Subsidiary (not being equity share capital which as regards capital has rights no more favourable than those attached to its ordinary share capital) owned otherwise than by the Company or another Subsidiary, which is wholly owned.

(b) "Adjusted Total of Capital and Reserves" means the aggregate of:

- (i) the amount paid up or credited as paid up on the share capital of the Company; and
- (ii) the amount standing to the credit of the capital and revenue reserves (including any share premium account, capital redemption reserve, revenue account reserve, undistributed realised profits on investments and currencies and unrealised appreciation in the value of investments and currencies);

all as shown in the latest published Balance Sheet (as defined below) but:

- (1) adjusted in respect of any variation in interests in Subsidiaries and in the paid up share capital, share premium account or capital redemption reserve of the Company since the date to which that Balance Sheet is made up and taking account of the subscription moneys (including any premium) in respect of any share capital of the Company proposed to be issued for cash to the extent to which the subscription thereof has been unconditionally

underwritten (provided such subscription moneys and any premium are payable not later than four months after the date of allotment) with effect from the date on which such issue became so underwritten;

- (2) excluding any amounts set aside for taxation (including Value Added Tax and National Insurance contributions) and any amounts attributable to outside shareholders in Subsidiaries and any distributions to members of the Company and outside shareholders in Subsidiaries out of profits accrued prior to the date of the Balance Sheet and not provided for therein;
 - (3) deducting any debit balance on the revenue account or other reserve account at the date to which that Balance Sheet is made up;
 - (4) excluding all amounts attributable to goodwill and other intangible assets; and
 - (5) further adjusted as the Auditors shall consider appropriate.
- (C) For the purpose of the foregoing calculations "Balance Sheet" means the published audited balance sheet of the Company unless as at the date to which audited accounts incorporating such balance sheet are made up the Company shall have a Subsidiary or Subsidiaries, in which event "Balance Sheet" means the consolidated balance sheet of the Company and the Subsidiaries as at that date (provided that if at that date the Company has a Subsidiary or Subsidiaries and a consolidated balance sheet of the Company and the Subsidiaries (and no others) has not been prepared as at that date, "Balance Sheet" shall mean a consolidated balance sheet of the Company and the Subsidiaries (and no others) prepared by the Company as at such date and reported on by the Auditors as having been properly prepared and the date of publication of such consolidated balance sheet shall be taken to be the date of such report by the Auditors) and references to reserves and revenue account shall be deemed to be references to consolidated reserves and consolidated revenue account respectively as disclosed by such consolidated balance sheet.
- (D) So long as any part of the Stock remains outstanding, the Company and the Subsidiaries (if any) shall be investment companies whose business consists wholly or mainly of the making of investments and the principal part of whose income is derived therefrom, provided that the extension of such business to include activities allied to that of an investment company or the ownership of an investment dealing company shall not be treated as a breach of this provision.

5. FURTHER ISSUES

- (A) Subject to the restriction referred to in paragraph 4(A) above, the Trust Deed will contain a provision whereby the Company reserves the power at any time and from time to time prior to 31st December, 1996 to create and issue Further Stock to be identical in all respects (save, where applicable, as to the amount of the first payment of interest thereon) and to form a single series with the Original Stock PROVIDED THAT:
- (i) no Further Stock shall be issued to the extent that, at the date of issue or proposed date of issue of such Further Stock, the aggregate of the Capital Value of the Original Stock and the issue price of the Further Stock shall exceed 25 per cent. of the aggregate Market Value of the Ordinary shares, and (for the purpose of this paragraph 5(A)(i)) "Market Value" shall mean the average of the middle market quotations of an Ordinary share as derived from the Daily Official List of the London Stock Exchange for the 14 days immediately preceding the date of issue or proposed date of issue;

- (ii) no Further Stock shall be paid up in whole or in part by way of capitalisation of reserves or undistributed profits of the Company or be issued by way of security for any other obligation of the Company or any obligation of another person;
 - (iii) any Further Stock shall be constituted by a duly executed deed or deeds in favour of the Trustees in such form as the Trustees shall approve and every such deed shall be expressed to be supplemental to the Trust Deed; and
 - (iv) in the case of each issue of Further Stock, the issue price of one Unit shall be ascertained by dividing the Index No. (for such day as may be decided by the Directors for the purpose of any such issue) by 100 and expressing the resulting sum in pounds sterling rounded to four decimal places.
- (B) Except where the issue of Further Stock as a single series is permitted in accordance with paragraph 5(A) above, any further issue or issues of loan stock of whatever nature made by the Company shall be constituted by a separate trust deed or other instrument and shall not form a single series with the Stock.

6. TRANSFER

The Stock will be registered and transferable in integral multiples of one Unit of Stock.

7. LISTING

The Trust Deed will contain an undertaking by the Company that it has applied for, and will use its best endeavours to obtain, a listing for the Stock on the London Stock Exchange and that, so long as any of the Stock remains outstanding, the Company will use its best endeavours to maintain such a listing for the Stock.

8. MODIFICATIONS OF RIGHTS, WAIVER AND VOTING

- (A) Stockholders will have power by Extraordinary Resolution, inter alia, to sanction any abrogation, alteration, modification or compromise of or any arrangement in respect of their rights against the Company or against the whole or any part of the undertaking and assets of the Company and to assent to any modification of other provisions of the Trust Deed. In addition the Trustees will have power, without the consent of Stockholders, to concur with the Company in making any modification to the Trust Deed provided that the Trustees shall be of the opinion that such modification will not be materially prejudicial to the interests of Stockholders or is to correct a manifest error.
- (B) The Trustees may whenever they think fit unless otherwise previously directed by an Extraordinary Resolution:
 - (i) authorise or waive on such terms and subject to such conditions as to them shall seem fit any proposed breach or any breach by the Company of any of the undertakings and provisions in the Trust Deed without prejudice to the rights of the Trustees in respect of any subsequent breach thereof; and

- (ii) determine on such terms and subject to such conditions as to them shall seem fit that any event which constitutes or which with the giving of notice and/or the lapse of time and/or the issue of a certificate and/or a determination and/or a declaration and/or a demand and/or a request and/or any similar condition and/or action would constitute an event upon the happening of which the Stock shall have or may become immediately due and repayable shall not be treated as such for the purposes of the Trust Deed without prejudice to the rights of the Trustees in respect of any subsequent such event;

provided that any breach of or failure to comply with any such terms and conditions by the Company shall constitute a breach of an undertaking or a provision of the Trust Deed binding on the Company.

- (C) At any meeting of Stockholders, on a show of hands every Stockholder who (being an individual) is present in person or (being a corporation) is present by its duly authorised representative shall have one vote. On a poll every Stockholder who is present in person or by proxy shall have one vote for each Unit of Stock held by him and a Stockholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

9. TRUSTEES' INDEMNITY AND CONSENTS

The Trust Deed will contain provisions for the indemnification of the Trustees and for their relief from responsibility. Any consent granted by the Trustees may be granted on such terms and subject to such conditions (if any) as the Trustees in their absolute discretion determine and may be given retrospectively.

10. OTHER INFORMATION

- (A) The Trustees are Sun Alliance Trust Company Limited, which is a trust corporation. Their principal office is at 40 Chancery Lane, London WC2A 1JN. Under the terms of the Trust Deed, the Trustees will be entitled to retire at any time on giving not less than ninety days' written notice to the Company. The Company has power to appoint new trustees under the Trust Deed but no trustees shall be appointed who shall not previously have been approved by an Extraordinary Resolution of Stockholders. If the Company receives a written notice of retirement from the Trustees then, as soon as practicable after receipt of such notice, the Company is obliged to convene a meeting of Stockholders for the purpose of approving the appointment of a new trustee or trustees.
- (B) The Trust Deed will not provide for prescription periods on claims to interest and repayment of principal.
- (C) The Stock is unsecured and the remedies available to the Trustees and the Stockholders may be limited by applicable winding-up, insolvency, reorganisation, moratorium or similar provisions relating to or affecting creditors' rights generally.
- (D) The Stock is denominated in sterling.
- (E) The Trust Deed will be governed by and construed in accordance with the laws of England.

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Values PLC*

Note: The Trust Deed will not contain any provisions (i) precluding the Company and the Subsidiaries from disposing of any asset or (ii) restricting borrowings by the Company or any Subsidiary which are secured or otherwise rank in priority to the Stock or (iii) for any Subsidiaries to guarantee the Stock. The restriction on the amount of moneys borrowed in paragraph 4(A) above is operative only on the occasion of a particular proposed borrowing and does not have continuous effect. The Trust Deed will not contain a provision requiring the Company to obtain and maintain the status of an approved investment trust under section 842 of the Income and Corporation Taxes Act 1988 although it is the intention of the Directors that the Company should do so.

PART VI

General Information

1. INCORPORATION AND ADMINISTRATION

- (i) The Company was incorporated in England and Wales as a public limited company on 16th August, 1991 under the Act, with the name Legistshelfco No. 112 PLC and with registered number 2638812.

The Company's name was changed to Fidelity European Values PLC with effect from 10th September, 1991. On 26th September, 1991 the Registrar of Companies issued a certificate under section 117 of the Act entitling the Company to commence business.

The Company operates under the Act and the regulations made thereunder. It has no subsidiaries but may establish or acquire a subsidiary or subsidiaries to engage in transactions connected with its proposed activities.

- (ii) The Company's principal object, as set out in Clause 4(1)(a) of its Memorandum of Association, is to carry on the business of an investment and trust company.
- (iii) The Company has not commenced business and has no, and has not had any, subsidiaries or employees. Save as set out in paragraphs 2 and 6 of this Part VI, there has been no significant change in the financial or trading position of the Company since the date of its incorporation.
- (iv) Coopers & Lybrand Deloitte have been the only auditors of the Company since its incorporation.
- (v) It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the requirements for qualification as an investment company under section 266 of the Act and the Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to that section.

2. OFFER ARRANGEMENTS

- (i) UBS Phillips and Drew has placed 21.1 million Ordinary shares (with Warrants attached) and Equity Index-Linked Stock with an aggregate Issue Price (as defined in Part V) of £10 million.
- (ii) Under an agreement dated 8th October, 1991 between the Company (1) the Manager (2) the Directors (3) and UBS Phillips & Drew (4) (the "Offer Agreement") UBS Phillips & Drew has agreed to subscribe or procure subscribers for a further 18.9 million Ordinary shares (with Warrants attached) ("Public Underwritten Shares") at an offer price of 100p per Ordinary share ("the Offer Price") to the extent to which valid applications are not received under the Offer therefor. UBS Phillips & Drew has also agreed to use reasonable endeavours to procure further subscriptions for Equity Index-Linked Stock up to a maximum further Issue Price of £10 million. These further subscriptions may be scaled down to the extent necessary to ensure that the aggregate Issue Price of Equity Index-Linked Stock subscribed under the Stock placing does not exceed 25 per cent. of the Offer Price of the Ordinary shares (with Warrants attached) subscribed under the Offer.

Under the Offer Agreement the Company will pay the following fees and commissions to UBS Phillips & Drew:

- (a) a placing commission of 1.75 per cent. in respect of Ordinary shares (with Warrants attached) placed with institutional investors, of which commission UBS Phillips & Drew will pay 0.75 per cent. to placees;
 - (b) a placing commission of 2.75 per cent. in respect of Ordinary shares (with Warrants attached) placed with financial intermediaries, of which commission UBS Phillips & Drew will pay 1.75 per cent. to such intermediaries;
 - (c) a placing commission of 2.75 per cent. in respect of Equity Index-Linked Stock placed with investors, of which commission UBS Phillips & Drew will pay 1.75 per cent. to placees;
 - (d) a commitment commission of 1.25 per cent. in respect of Equity Index-Linked Stock committed but not taken up by investors as a result of the scaling down arrangements referred to above, of which UBS Phillips & Drew will pay 0.25 per cent. to placees;
 - (e) an underwriting commission of 0.75 per cent. of the Offer Price of the Public Underwritten Shares, which commission will be retained by UBS Phillips & Drew or paid to sub-underwriters (if any);
 - (f) a subscription commission of 1 per cent. of the Offer Price of the Public Underwritten Shares which are taken up by UBS Phillips & Drew or the sub-underwriters, which commission will be retained by UBS Phillips & Drew or paid to sub-underwriters (if any);
 - (g) a commission of 0.5 per cent. on all the Ordinary shares (with Warrants attached) for which applications are accepted under the Offer (other than Ordinary shares placed); and
 - (h) a fee of £75,000 for services in respect of the Offer and Stock placing.
- (iii) The Offer Agreement and the placing arrangements referred to above are conditional on, inter alia, the admission to the Official List of the London Stock Exchange of the Ordinary shares (with Warrants attached) and the Equity Index-Linked Stock becoming effective on or before 22nd November, 1991. Under the Offer Agreement, which may be terminated by UBS Phillips & Drew in certain circumstances, certain warranties and indemnities have been given by the Company and the Manager to UBS Phillips & Drew.
- (iv) The Company will pay all other costs and expenses of or incidental to the Offer and the Stock placing (including the legal expenses of UBS Phillips & Drew) and the application for admission of the Ordinary shares, the Warrants and the Equity Index-Linked Stock to the Official List of the London Stock Exchange.
- (v) The Company will pay commission to intermediaries of 1.75 per cent. of the Offer Price in respect of allotments of Ordinary shares (with Warrants attached) in respect of applications which bear their stamp, excluding applications falling within (ii)(a), (b) or (f) above.
- (vi) If applications are received pursuant to the Offer and Stock placing in respect of the maximum 80 million Ordinary shares (with Warrants attached) and Equity Index-Linked Stock with an aggregate Issue Price of

£20 million, the total expenses payable by the Company in connection with the Offer and Stock placing (including commission) are estimated to amount to approximately £3,020,000 (inclusive of VAT). The net cash proceeds of the Offer and Stock placing would therefore be approximately £96,980,000 (excluding dealing costs), which would be available to the Company for investment.

Assuming a minimum subscription for 40 million Ordinary shares (with Warrants attached) and the subscription of £10 million for Equity Index-Linked Stock, total expenses are estimated to amount to approximately £1,855,000 and the net proceeds available to the Company would therefore be approximately £48,145,000.

In the case of both the above estimates of expenses it is assumed that neither the subscription commission of 1 per cent. of the Offer Price of the Public Underwritten Shares nor the commitment commission of 0.25 per cent. in respect of Equity Index-Linked Stock committed but not taken up will become payable. It is also assumed that commission to intermediaries will be paid on all the Ordinary shares allotted other than those which have been placed.

- (vii) The Manager and certain companies connected with the Manager may act as intermediaries for the purposes of the Offer and as such will be entitled to a commission of 1.75 per cent. of subscription monies introduced by them or resulting from the advertising of the Offer to the extent that the cost of such advertising has been borne by any such companies.

3. SHARE CAPITAL

- (i) The Company was incorporated with an authorised share capital of £26,500,000 divided into 106,000,000 Ordinary shares of 25 pence each, of which two Ordinary shares were issued to the subscribers to the Memorandum of Association.
- (ii) Pursuant to resolutions passed on 23rd September, 1991 the Directors were generally and unconditionally authorised and empowered in accordance with sections 80 and 95 of the Act to issue for cash Ordinary shares up to an aggregate nominal amount of £49,999.50 such authority to expire on 31st December, 1991.
- (iii) On 23rd September, 1991 Fidelity Investments International was allotted 199,998 Ordinary shares of 25p each, against its irrevocable undertaking to pay or procure payment of 100p in cash for each Ordinary share on or before the date of their admission to the Official List of the London Stock Exchange unless such admission does not become effective by 18th November, 1991 whereupon Fidelity Investments International shall make a part payment of 7 pence in cash for each Ordinary share on or before 25th November, 1991. These Ordinary shares and the two Ordinary shares of 25p each issued to the subscribers to the Memorandum of Association are included in the placing of Ordinary shares (with Warrants attached) referred to in paragraph 2(i) above.
- (iv) By resolutions passed on 4th October, 1991:
- (a) the authorised share capital of the Company was increased to £30,500,000 divided into 122,000,000 Ordinary shares of 25p each;

- (b) the Directors were generally and unconditionally authorised for the purposes of section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £30,450,000 such authority to expire at the end of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting) but so that such authority allows the Company to make offers or agreements before the expiry thereof which would or might require relevant securities to be allotted after the expiry of such authority; and
- (c) the Directors were empowered (pursuant to section 95(1) of the Act) to allot equity securities (as defined by section 94(2) of the Act) pursuant to the authority referred to in sub-paragraph (b) above as if section 89(1) of the Act did not apply to any such allotment provided that such power was limited to the allotment of equity securities up to the conclusion of the Annual General Meeting of the Company in 1993:
 - (i) in respect of the issue of Ordinary shares (with Warrants attached) pursuant to the Offer; (ii) pursuant to or in connection with rights issues; or (iii) otherwise than as aforesaid up to an aggregate nominal amount of £1,000,000.
- (v) Save for the Warrants, no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.
- (vi) The provisions of section 89(1) of the Act (which, to the extent not disapplied pursuant to section 95 of the Act, confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are or are to be paid up in cash) apply to the authorised and unissued share capital of the Company except to the extent disapplied (they being currently disapplied as mentioned in paragraph 3(iv)(c) above).
- (vii) Save for the Stock placing and as disclosed in paragraphs 2 and 3 of this Part VI since the date of its incorporation no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no discounts or other special terms have been granted to the Company in connection with the issue or sale of any such capital.
- (viii) No application is being made for the Ordinary shares, the Warrants or the Equity Index-Linked Stock to be listed or dealt in on any stock exchange or investment exchange other than the London Stock Exchange.
- (ix) No material issue of shares (other than to shareholders pro rata to existing holdings) will be made within one year of the date hereof without the prior approval of Shareholders in general meeting.
- (x) The Ordinary shares and the Warrants will be represented by renounceable letters of allotment until 16th December 1991, following which they will be in registered form.
- (xi) Assuming full subscription under the Offer, the issued share capital of the Company will be £20,000,000 divided into 80,000,000 Ordinary shares of 25 pence each. There will remain authorised but unissued £10,500,000 divided into 42,000,000 Ordinary shares of 25 pence each, of which 16,000,000 Ordinary shares are reserved for issue upon exercise of the Warrants.

4. DIRECTORS' AND OTHER INTERESTS

- (i) Barry Bateman is President of Fidelity International Limited and is a director of Fidelity Investment Management Limited which are the ultimate and intermediate holding companies of the Manager. He is also a director of the Manager and of Fidelity Nominees Limited which will manage the Fidelity European Values PEP and of other Fidelity companies which may receive commission pursuant to paragraph 2(vi) above.

Alan Ainsworth is a director of the Manager and of other Fidelity companies which may receive commission pursuant to paragraph 2(vii) above.

The Manager will receive a management fee from the Company pursuant to the Management Agreement referred to in paragraph 6 below and may receive commissions as described in paragraph 2(vii) above.

Barry Bateman and Alan Ainsworth are shareholders in Fidelity International Limited which will receive a placing commission in respect of Ordinary shares (with Warrants attached) to be subscribed by that company under the Offer.

Robert Walther is a director of Clerical, Medical and General Life Assurance Society which will receive a placing commission in respect of Ordinary shares (with Warrants attached) to be subscribed by that company under the Offer.

- (ii) (a) The total emoluments receivable by the Directors (excluding Barry Bateman and Alan Ainsworth) in respect of the accounting period of the Company ending on 31st December, 1992 are expected to be £20,500. Barry Bateman and Alan Ainsworth have agreed to waive any fees to which they would otherwise be entitled.
- (b) There are no service contracts in existence between the Company and any of the Directors nor are any proposed.
- (iii) No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.
- (iv) Save as disclosed above, no Director has any interest in any transactions which are or were unusual in their nature or conditions, or significant to the business of the Company and which have been effected by the Company since its incorporation.
- (v) The Directors will apply in the Offer for Ordinary shares (with Warrants attached) as follows and it is intended that these applications will be accepted in full by the Company:

	No. of Ordinary shares
Sir Charles Fraser	5,000
Helmert van den Hoven	3,000
Robert Walther	1,000
Barry Bateman	6,000
Alan Ainsworth	3,000

- (vi) The Directors are currently aware of the following persons who immediately following the Offer may be interested directly or indirectly (within the meaning of Part VI of the Act) in three per cent. or more of the issued share capital of the Company:

Fidelity European Values PLC

	No. of Ordinary shares	Percentage of issued share capital*
Lucas Pension Fund	3,000,000	7.5
Liverpool Victoria Friendly Society (on behalf of investment funds)	2,300,000	5.7
Clerical, Medical and General Life Assurance Society	2,000,000	5.0
Merchant Investors Assurance Company Limited	2,000,000	5.0
Fidelity International Limited	1,200,000	3.0

* Assuming the issue of 40 million Ordinary shares (with Warrants attached) under the Offer.

(vii) Save as disclosed above, the Directors are not aware of any other persons who could, directly or indirectly, jointly or severally, exercise control over the Company.

5. MEMORANDUM AND ARTICLES OF ASSOCIATION

(A) Memorandum of Association

The Memorandum of Association of the Company provides that the Company's principal object is to carry on the business of an investment and trust company.

The objects of the Company are set out in full in clause 4 of its Memorandum of Association which is available for inspection at the address specified in paragraph 10 below.

(B) Articles of Association

The Articles of Association of the Company ("the Articles") contain provisions, inter alia, to the following effect:

(a) Share rights

Subject to the Act and to any special rights conferred on the holders of any shares or class of shares, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide or (if and to the extent that there is no resolution making specific provision) as the Directors may decide.

(b) Voting

Subject to any special rights or restrictions as to voting attached to any share by or in accordance with the Articles on a show of hands every member who (being an individual) is present in person, or (being a corporation) is present by a duly authorised representative shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. A member is not entitled to vote in respect of shares unless all calls or other sums presently payable by him in respect of those shares have been paid. A member is not entitled to vote in respect of shares held by him in relation to which he or any person appearing to be interested in such shares has been served with a notice under section 212 of the Act requiring him to

give details of any interest in any shares in the Company, if that person has failed to comply with such notice within the specified period and has accordingly been served with a disenfranchisement notice by the Company.

(c) Variation of rights

Subject to the Act, rights attached to any class of shares may be varied with the consent in writing of the holders of not less than three quarters in value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate meeting (except an adjourned meeting) the quorum shall be two or more persons holding or representing by proxy not less than one third of the issued shares of the class.

(d) Lien and forfeiture

The Company will have a lien (enforceable by sale) on every unpaid or partly paid share for all amounts payable to the Company in respect of that share. The Directors may call any moneys unpaid on shares, and may (subject to certain notice provisions) forfeit shares on which calls or amounts payable under the terms of issue are not duly paid.

(e) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual common form or in any other manner (whether or not by written instrument) which the Directors may approve. Any written instrument of transfer of a share shall be signed by or on behalf of the transferor (and the transferee in the case of a partly paid share) and 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 thereof.

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided that the Register of Members shall not be closed for more than 30 days in any year.

The Directors may in their absolute discretion and without assigning any reason therefor decline to register the transfer of any share which is not a fully paid share.

(f) Alteration of share capital

The Company may by ordinary resolution increase, consolidate or sub-divide its share capital. The Company may (subject to the Act) by special resolution reduce its share capital or any capital redemption reserve or share premium account in any manner.

(g) Purchase of own shares

The Company may, subject to the Act and the rights of the holders of any class of shares, purchase its own fully-paid shares.

(h) Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities. The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to ensure (as regards subsidiary undertakings so far as they can so ensure) that the aggregate principal amount for the time

being remaining undischarged of all moneys borrowed by the Company and all of its subsidiary undertakings ("the Group") and owing to persons outside the Group shall not at any time without the previous sanction of an ordinary resolution of the Company exceed (a) until the publication of the first audited Balance Sheet of the Group, twice the amount paid up or credited as paid up on the share capital of the Company adjusted in respect of any variation in the paid up share capital, share premium or capital redemption reserve and (b) thereafter an amount equal to twice the adjusted total of capital and reserves (as defined in the Articles).

(i) Directors

(i) The Directors are to be entitled to fees at such rate as may from time to time be determined by them, provided that such fees in aggregate shall not exceed £50,000 per annum or such higher amount as may be determined by the Company by ordinary resolution. In the case of an executive director, such fees may be payable to him in addition to his remuneration as an executive director. The Directors shall also be entitled to be paid all reasonable travelling, hotel and other expenses properly incurred by them in connection with the business of the Company. If in the opinion of the Directors any of their number perform any special services on behalf of the Company or its business such Directors may be paid such reasonable additional remuneration and expenses therefor as the Directors may from time to time determine.

(ii) At each Annual General Meeting of the Company one-third (or the nearest number to one-third) of the Directors who are subject to retirement by rotation for the time being shall retire from office and shall be eligible for re-election. However, the Chairman of the Board and the Managing Director, if any, shall not be subject to retirement by rotation or taken into account in determining the number of Directors to retire.

The Directors to retire in each year shall be any Director who wishes to retire and not to offer himself for re-election, together with those who have been longest in office since the last election, but as between persons who became Directors at the same time, those to retire shall (unless they otherwise agree amongst themselves) be determined by lot.

(iii) Subject to the Act and the provisions of the Articles of Association of the Company, no Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any office or as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement, by reason only of such Director holding that office or of the fiduciary relationship thereby established.

(iv) A Director shall not vote or be counted in any quorum on any resolution of the Directors in respect of any contract or arrangement in which to his knowledge he has any material interest, save that this prohibition shall not apply to:

- (1) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him for the benefit of the Company;

- (2) the giving of any security to a third party in respect of a debt or obligation of the Company which he has himself guaranteed or secured in whole or in part;
 - (3) any proposal concerning his subscription for, or underwriting of, shares in or debentures or other securities of the Company issued or to be issued pursuant to any offer or invitation to members or debenture holders of the Company or any class thereof or to the public or any section thereof;
 - (4) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
 - (5) any contract or arrangement concerning any other company (not being a company in which the Director owns 1 per cent. or more of the issued share capital) in which he is interested, directly or indirectly and whether as an officer, creditor, shareholder or otherwise;
 - (6) any proposal concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme which relates both to Directors and employees of the Company or any of its subsidiary undertakings, and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates;
 - (7) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings under which the Director benefits in a similar manner to the employees and which does not accord to any Director as such any privilege or advantage not accorded to the employees to whom such arrangement relates;
 - (8) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of and against any liability incurred by any Directors of the Company or persons who include Directors.
- (v) A Director shall not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested, including fixing or varying the terms of his appointment or the termination thereof.
- (vi) No person shall be disqualified from being appointed a Director by reason of his having attained the age of 70 or any other age and no Director shall be required to vacate his office at any time by reason of the fact that he has attained the age of 70 or any other age.
- (vii) The Directors may appoint any one or more of their body to be Managing Director or to hold other executive office (other than that of auditor) for such period (subject to the Act) and on such terms as the Directors shall think fit.
- (j) Indemnity of officers

Subject to the provisions of, and so far as may be permitted by, the Act, every Director, Executive Director, manager, officer or auditor of the Company will be indemnified out of the funds of the Company against all

costs, charges, losses, expenses and liabilities incurred by him in the proper execution and discharge of his duties, including any liability incurred as a Director, Executive Director, manager or officer or as auditor in defending any proceedings (whether civil or criminal) in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under the Act in which relief from liability is granted to him by the court.

(k) Untraced shareholders

Subject to various notice requirements, the Company may sell any shares of a member if, during a period of twelve years, at least three dividend payments on those shares have become payable, and the cheques or warrants have remained uncashed and the Company has received no indication of the existence of such member during such period.

(l) Dividends

- (i) Subject to any rights or restrictions attached to any particular shares and to the provisions of the Act, all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid. Except so far as the rights attaching to the shares provide otherwise, all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
- (ii) Any dividend which remains unclaimed for a period of twelve years after having been declared shall be forfeited and shall revert to the Company. No dividend shall bear interest against the Company.

(m) Duration and winding up

- (i) The Directors may procure that there is proposed at the Annual General Meeting of the Company in 2001, and at every second Annual General Meeting of the Company thereafter, an ordinary resolution providing that the Company should continue as an investment trust for a further period of two years. If any such resolution is not put forward or is defeated, the Directors shall be obliged to draw up proposals for the voluntary liquidation, unitisation or other reorganisation of the Company for submission to members of the Company at an extraordinary general meeting to be held within the period of 60 days following 1st January, 2002 or, in relation to any subsequent year, not later than 120 days after the above-mentioned Annual General Meeting. Implementation of any such proposals shall require the approval of the members by Special Resolution. If such resolution is not passed the Directors will convene a further extraordinary general meeting to be held within the period of 90 days following 1st January, 2002 or, in relation to any subsequent year, within 180 days of the date of the above mentioned Annual General Meeting at which a resolution will be proposed to wind the Company up voluntarily. At such meeting every person present in person or by proxy and entitled to vote shall be obliged to vote in favour of such resolution and any votes purporting to be cast against such resolution shall not be counted as valid votes.
- (ii) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction

required by the Companies Acts, divide amongst the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such values as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other assets upon which there is any liability.

(n) Reserves

The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as reserves which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Directors may from time to time think fit. The Directors may also without placing the same to reserve carry forward any profits which they may think it prudent not to distribute.

(o) Capitalisation of reserves

(i) The Company may, upon the recommendation of the Directors, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the members or any class of members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such members respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such members, or partly in one way and partly in the other and the Directors shall give effect to such resolution provided that, for these purposes, a share premium account and a capital redemption reserve, and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such members credited as fully paid.

(ii) Where any difficulty arises in regard to any distribution under these provisions, the Directors may settle the same as they think expedient and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any members in order to adjust the rights of all parties, as may seem expedient to the Directors. The Directors may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the members.

(p) Capital reserves

The Directors shall establish a reserve to be called the Capital Reserve and shall either carry to the credit of such reserve from time to time all moneys realised on or derived or arising from the sale, realisation or payment off of or other dealings with any capital assets of the Company in excess of the book value of the same and all other moneys in the nature of accretion to capital or apply such moneys in providing for depreciation or contingencies. The Capital Reserve shall not be available for the payment of dividends (within the meaning of section 842 of the Income and Corporation Taxes Act 1988 (as amended)) or the making of distributions (as defined in section 263 of the Act). Any losses realised on the sale, realisation or payment off of or other dealings with any capital assets and any depreciation in the value of any capital assets shall be debited, together with any taxation relevant to capital transactions, to the Capital Reserve and shall not be debited to the Revenue Account.

6. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

- (i) a management and secretarial services agreement ("the Management Agreement") dated 7th October, 1991 between the Company (1) and the Manager (2), under which the Manager has agreed to provide investment management services to the Company for a quarterly fee of an amount equal to 0.25 per cent. of the Company's assets under management (as defined in the Management Agreement) less the aggregate of all liabilities (other than the capital value of the Equity Index-Linked Stock for the time being outstanding) on the last business day of March, June, September and December, payable in arrear. In addition the Manager has agreed to provide secretarial and administrative services and will receive a fee for such services of £25,000 per annum.

The Manager has been appointed for an initial period of two years, and its appointment may be terminated at any time thereafter on one year's notice. The Management Agreement may also be terminated forthwith as a result of material breach of the agreement or on the insolvency of the Manager or the Company. In addition, the Company may terminate the agreement by six months' notice if there is a change in control of the Manager or if the Manager ceases to be a subsidiary of Fidelity International Limited or if the board of the Company shall have resolved at two successive quarterly board meetings that there has been a material and continuing underperformance in the portfolio of assets of the Company.

- (ii) the Offer Agreement as described in paragraph 2 of this Part VI.

7. TAXATION

The information contained in this document relating to taxation matters is based upon, and constitutes a non-exhaustive summary of, the law and practice currently in force and is subject to changes therein.

Potential investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling Ordinary shares, Warrants or Equity Index-Linked Stock or investing in a PEP, under the laws of their country and/or state of citizenship, domicile or residence.

(i) The Company

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions for approval as an investment trust set out in section 842 of the Income and Corporation Taxes Act 1988. Such approval is granted retrospectively for each accounting period. The Company will be exempt from United Kingdom corporation tax on capital gains in respect of each accounting period for which such approval is granted.

The income of the Company will be subject to United Kingdom corporation tax. Income arising from overseas investments may, in addition, be subject to foreign withholding taxes at varying rates. The Company may be entitled to double tax relief in respect of all or part of any such withholding taxes, thereby reducing its liability to mainstream corporation tax. This may, however, restrict the Company's ability to offset against that liability the advance corporation tax in respect of its own dividends.

The Directors consider that the Company will not be a close company for the purposes of the Income and Corporation Taxes Act 1988 immediately following the Offer.

(ii) Shareholders and Warrantholders

(a) Capital gains

Shareholders or holders of Warrants resident or ordinarily resident in the United Kingdom for taxation purposes, with the exception of those whose Ordinary shares and Warrants are held in a PEP, may, depending upon their personal circumstances, be liable to tax on chargeable gains arising from the sale or other disposal for the purposes of the Capital Gains Tax Act 1979 (which includes disposal upon a winding-up) of their Ordinary shares or Warrants.

Shareholders or holders of Warrants who are not for the purposes of United Kingdom taxation resident or ordinarily resident in the United Kingdom will not normally be liable to United Kingdom taxation on chargeable gains arising from the sale or other disposal of their Ordinary shares or Warrants, although they may be subject to charges to foreign taxation depending on their personal circumstances.

For the purpose of the charge to United Kingdom taxation of capital gains:

- (1) the cost of acquiring Ordinary shares and Warrants under the Offer will be apportioned between the Ordinary shares and the Warrants on the basis of their respective values at the date of allotment, which basis should not be significantly different from the ratio which the market value of the Ordinary shares bears to the market value of the Warrants on the first day on which the Ordinary shares and Warrants are dealt in separately; details of the appropriate market values will appear in the report and accounts of the Company for the period ending 31st December, 1992;

- (2) the Warrants will not constitute "wasting assets" for the purposes of the Capital Gains Tax Act 1979 and on a disposal of Warrants (which includes abandonment) the full cost of those Warrants will be allowed in computing any chargeable gain or allowable loss for the purposes of the Capital Gains Tax Act 1979; and
- (3) a holder of Warrants who exercises the subscription rights conferred by the Warrants will not thereby be treated as disposing of the Warrants for the purposes of the Capital Gains Tax Act 1979, but the cost thereof will be added to the amount paid on exercise of the rights in computing the acquisition cost of the new Ordinary shares.

(b) Dividends

Under current United Kingdom taxation legislation, no withholding tax will be deducted from dividends paid by the Company. The Company is, however, required to account to the Inland Revenue for advance corporation tax ("ACT") when a dividend is paid, being a payment calculated by reference to the basic rate of income tax. The ACT relating to any dividend currently equals 25 per cent. of the sum of the cash dividend and the related ACT.

An individual Shareholder who is resident in the United Kingdom for tax purposes will be entitled to a tax credit which is equal to the amount of ACT paid by the Company in respect of the dividend. Receipt of the dividend by a corporate Shareholder and the related tax credit will be treated as franked investment income. An individual will be liable to income tax on the total of the dividend and the tax credit, but the tax credit will satisfy in full his liability to basic rate tax on the aggregate of the dividend and the tax credit leaving the individual shareholder liable to the higher rate of income tax only (if appropriate). If the individual so resident is not liable to income tax, the tax credit may be paid, in whole or in part, by the Inland Revenue. The tax credit attaching to a dividend received in a PEP can be recovered by the PEP manager subject to the normal ACT rules.

Subject to certain exceptions for Commonwealth citizens, citizens of the Republic of Ireland, residents of the Isle of Man and the Channel Islands and certain others, the right of Shareholders who are not resident in the United Kingdom to claim a proportion of the tax credit relating to their dividends will depend, in general, upon the provisions of any double taxation agreement or convention which exists between the United Kingdom and their country of residence. Shareholders who are not resident or ordinarily resident in the United Kingdom for taxation purposes may also be subject to foreign taxation on dividend income in their country of residence and any state thereof.

Any person who is not so resident in the United Kingdom should consult his own tax adviser concerning his tax liability on dividends received, whether he is entitled to claim any part of the tax credit and, if so, as to the procedure.

(iii) Holders of Equity Index-Linked Stock

The Directors have been advised that the Equity Index-Linked Stock will represent a "qualifying indexed security" for United Kingdom tax purposes. This means that the indexed element will be treated as a capital gain on redemption rather than as income and will itself be subject to indexation relief for capital gains tax purposes. Interest payments will be made net of sums representing United Kingdom income tax at the basic rate, which will be recoverable by gross funds from the Inland Revenue.

(iv) Stamp Duty and Stamp Duty Reserve Tax

The Company has been advised that:

- (a) on the issue of renounceable letters of allotment, no stamp duty or stamp duty reserve tax will be payable unless they are issued to a person to whom the depository receipt or clearance service charge may apply;
- (b) a purchaser of rights to Ordinary shares (with Warrants attached) represented by a renounceable letter of allotment on or before the latest time for registration of renunciation will be liable to stamp duty reserve tax at the rate of 50 pence per £100 or part thereof of the actual consideration paid unless they are issued to a person to whom the depository receipt or clearance service charge may apply;
- (c) no stamp duty or stamp duty reserve tax will be payable on the registration of renounceable letters of allotment;
- (d) the transfer of Ordinary shares or Warrants when detached will be liable to *ad valorem* stamp duty (or, if an unconditional agreement to transfer the Ordinary shares or Warrants is not completed by a duly stamped transfer within three months, stamp duty reserve tax) at the rate of 50 pence per £100 or part thereof of the actual consideration paid; and
- (e) no charge to stamp duty or stamp duty reserve tax will arise on the exercise of Warrants or the issue of new Ordinary shares consequent thereon.

8. LITIGATION

The Company is not involved in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened against the Company, which may have or may have had during the previous 12 months a significant effect on the Company's financial position.

9. GENERAL

- (i) Coopers & Lybrand Deloitte have given and have not withdrawn their written consent to the issue of this document with the inclusion of their report and the references to their name in the form and context in which they are included.
- (ii) The Manager is a member of IMRO and as such is regulated by IMRO in the conduct of investment business. UBS Phillips & Drew is a member of the Securities and Futures Authority and a member firm of the London Stock Exchange.
- (iii) Save as disclosed in this document, no amount of cash or other benefit has been paid or given to any promoter and none is intended to be paid or given.
- (iv) The issue price of 100 pence per Ordinary share represents a premium of 75 pence to the nominal value of 25 pence of such Ordinary shares.
- (v) The aggregate nominal amount of the Equity Index-Linked Stock will depend on the Issue Price and the level of subscriptions under the Offer.

- (vi) The Registrars for the Equity Index-Linked Stock are Barclays Registrars Limited at the address set out on page 4. Definitive stock certificates are expected to be despatched to registered Stockholders on 5th November, 1991.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of Messrs Bischoff & Co., Epworth House, 25 City Road, London EC1 during normal office hours on any weekday (Saturdays and public holidays excepted) for a period of 14 days following the date of this document:

- (i) the Memorandum and Articles of Association of the Company;
- (ii) a draft (subject to modification) of the Trust Deed which will constitute the Equity Index-Linked Stock;
- (iii) the material contracts referred to in paragraph 6 above;
- (iv) the Accountants' Report reproduced in Part II of this document; and
- (v) the written consent referred to in paragraph 9 above.

8th October, 1991.

PART VII

Terms and Conditions of Application

- (i) The contract created by the acceptance of applications under the Offer will be conditional upon (i) the admission of the Ordinary shares, the Warrants and the Equity Index-Linked Stock to the Official List of the London Stock Exchange and such admission becoming effective in accordance with the Rules of the London Stock Exchange by not later than 22nd November, 1991 and (ii) the Offer Agreement referred to in paragraph 2 of Part VI becoming unconditional and not being terminated in accordance with its terms.
- (ii) The right is reserved to present all cheques for payment on receipt by Barclays Registrars and to retain renounceable letters of allotment and surplus application moneys pending clearance of successful applicants' cheques. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.

If any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application moneys or, as the case may be, the balance thereof will be returned without interest by returning the applicant's cheque, or by crossed cheque in favour of the first-named applicant, through the post at the risk of the person(s) entitled thereto. In the meantime, application moneys will be retained by Barclays Registrars in a separate account.

- (iii) By completing and delivering an Application Form, you (as the applicant(s)):
 - (a) offer to subscribe for the number of Ordinary shares (with Warrants attached) specified in your Application Form (or such lesser number for which your application is accepted) at 100p per Ordinary share and on the terms of, and subject to the conditions, set out in these Listing Particulars, including these terms and conditions and subject to the Memorandum and Articles of Association of the Company;
 - (b) agree that, in consideration of the Company agreeing that it will not prior to 23rd November, 1991, offer for subscription any Ordinary shares (with Warrants attached) to any person other than by means of the procedures referred to in these Listing Particulars, your application may not be revoked until after 22nd November, 1991 and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch of your Application Form by post to or, in the case of delivery by hand, on receipt by, Barclays Registrars;
 - (c) warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a renounceable letter of allotment, share certificate or Warrant certificate for the Ordinary shares or Warrants applied for;
 - (d) agree that, in respect of those Ordinary shares (with Warrants attached) for which your application has been received and is not rejected, acceptance of your application shall be constituted, at the election of the Company, either (i) by notification to the London Stock Exchange of the basis of allocation (in which case acceptance shall be on that basis) or (ii) by notification of acceptance thereof to Barclays Registrars;

- (e) agree that any renounceable letter of allotment and any moneys returnable to you may be retained by Barclays Registrars pending clearance of your remittance and that such moneys will not bear interest;
 - (f) authorise Barclays Registrars on behalf of UBS Phillips & Drew to send a renounceable letter of allotment in respect of the number of Ordinary shares (with Warrants attached) for which your application is accepted and/or a crossed cheque for any moneys returnable, by post to the address of the person (or the first-named person) named as an applicant in the Application Form;
 - (g) warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and undertake to enclose your power of attorney or other authority or a copy thereof certified by a solicitor;
 - (h) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law and that you submit to the jurisdiction of the English courts;
 - (i) confirm that in making such application you are not relying on any information or representations in relation to the Company other than those contained in these Listing Particulars and accordingly you agree that no person responsible solely or jointly for these Listing Particulars or any part thereof shall have any liability for any such other information or representation;
 - (j) authorise Barclays Registrars, UBS Phillips & Drew or any person authorised by the Company, as your agent, to do all things necessary to effect registration of any Ordinary shares and Warrants subscribed by you (the entitlement to which has not been duly renounced) into your name(s);
 - (k) agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations concerning the Company contained herein;
 - (l) confirm that you have reviewed the restrictions contained in paragraph (v) below and warrant as provided therein;
 - (m) agree that all documents and cheques sent by post to, by or on behalf of the Company or UBS Phillips & Drew will be sent at the risk of the person(s) entitled thereto under the Offer;
 - (n) confirm that you have read and complied with paragraph (iv) below;
 - (o) agree that such Application Form is addressed to the Company;
 - (p) warrant that you are not under the age of 18 on the date of your application; and
 - (q) agree that your application for Ordinary shares (with Warrants attached) will remain valid even if you attempt to renounce or transfer them into a PEP which is subsequently voided or not established.
- (iv) No person receiving a copy of this document, the Mini-Prospectus or an Application Form in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form

could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the UK wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

- (v) Neither the Ordinary shares nor the Warrants have been or will be registered under the United States Securities Act of 1933 (as amended). The Ordinary shares and Warrants may not be offered, sold, renounced, transferred or delivered, directly or indirectly, in the United States or to any U.S. Person. Persons subscribing for Ordinary shares (with Warrants attached) shall be deemed, and (unless the Company is satisfied that the same can be allotted without breach of United States securities laws) persons subscribing for Ordinary shares in connection with the exercise of Warrants shall be required to represent and warrant to the Company that they are not U.S. Persons and that they are not subscribing for such Ordinary shares for the account of any U.S. Person and will not offer, sell, renounce, transfer or deliver, directly or indirectly, such Ordinary shares or Warrants in the United States or to any U.S. Person. As used herein, "United States" means the United States of America (including each of the States and the District of Columbia), its territories or possessions or other areas subject to its jurisdiction and "U.S. Person" means any person who is a citizen or resident of the United States, a corporation, partnership or other entity created or organised in or under the laws of the United States or an estate or trust which is subject to United States federal income taxation regardless of the source of its income.
- (vi) The basis of allocation will be determined by the Company in consultation with UBS Phillips & Drew. The right is reserved notwithstanding the basis so determined to reject in whole or in part and/or scale down any application whether or not for the purpose of procuring that the Company is not less than 20 per cent. geared by the issue of Equity Index-Linked Stock. The right is reserved to treat as valid any application not in all respects completed in accordance with the instructions accompanying the Application Form and any Application Form not received by the latest time and date for receipt of applications stated on page 3. If applications are not received for the maximum number of Ordinary shares (with Warrants attached), the number of Ordinary shares (with Warrants attached) for which applications are received may be allotted, subject to satisfaction of the conditions referred to in (i) above.

Availability of Listing Particulars

Copies of the Listing Particulars and Application Forms are available for collection from The Company Announcements Office, the London Stock Exchange, 46 Finsbury Square, London EC2 for two business days following the date of publication of this document and, until the Offer closes, from the registered office of the Company, and from the following offices of Fidelity and Barclays Bank PLC:

Fidelity Investment
Services Limited
25/26 Lovat Lane
London
EC3R 8LL

Fidelity Investment
Services Limited
Unit 1R
First Floor
Charles House
Great Charles Street
Birmingham
B3 3HT

Fidelity Investment
Services Limited
2nd Floor
54 Baldwin Street
Bristol
BS11 1QW

Fidelity Investment
Services Limited
58 Queen Street
Edinburgh
EH2 3NS

Fidelity Investment
Services Limited
Permanent House
The Headrow
Leeds
LS1 8DF

Fidelity Investment
Services Limited
Ship Canal House
98 King Street
Manchester
M2 4WV

Barclays Bank PLC
P.O. Box No. 69
121 Queen Street
Cardiff
CF1 1SG

Barclays Bank PLC
90 St. Vincent Street
Glasgow
G2 5UQ

Barclays Bank PLC
P.O. Box No. 107
4 Water Street
Liverpool
L69 2DU

Barclays Bank PLC
P.O. Box No. 27
3, 4 & 5 King Street
Reading
RG1 2HD

Barclays Bank PLC
20 High Street
Exeter
EX4 3LL

Barclays Bank PLC
P.O. Box No. 2
30 High Street
Southampton
SO9 7AB

and from

Barclays Registrars
New Issues
P.O. Box No. 123
Fleetway House
25 Farringdon Street
London EC4A 4HD

UBS Phillips & Drew
Securities Limited
100 Liverpool Street
London EC2M 2RH