

# *Fidelity Special Values PLC*

OFFERS FOR SUBSCRIPTION

SPONSORED BY

S.G. WARBURG SECURITIES LTD.

A copy of this document, which comprises listing particulars with regard to Fidelity Special 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 England and Wales in accordance with section 149 of that Act. A copy of this document, together with the documents referred to in paragraph 9(viii) of Part IV of this document, has been delivered for registration with the Registrar of Companies in Ireland in compliance with section 47 of the Companies Act, 1963 of Ireland, as required by the European Communities (Transferable Securities and Stock Exchange) Regulations 1992 of Ireland.

Application has been made to The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited for all the Ordinary Shares, Warrants and Index-Linked Loan Stock of the Company issued and now being issued to be admitted to the Official List. Dealings in units, each comprising five Ordinary Shares with one Warrant attached, and in the Index-Linked Loan Stock are expected to commence on 17th November, 1994 and dealings in the Ordinary Shares and the Warrants are expected to commence separately on 29th December, 1994.

The Directors of the Company, whose names appear on page 5 of this document, 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.

S.G. Warburg Securities Ltd. is acting for the Company in relation to the Issue and no-one else and will not be responsible to any other person for providing the protections afforded to customers of S.G. Warburg Securities Ltd. or providing advice in connection with the Issue.

**FIDELITY SPECIAL VALUES PLC**  
(Incorporated in England and Wales under the Companies Act 1985, registered no. 2972628)  
Offers for Subscription  
sponsored by  
S.G. Warburg Securities Ltd.  
of  
up to 100,000,000 Ordinary Shares of 25p each  
(with Warrants attached on a 1 for 5 basis)  
at 100p per Ordinary Share  
and  
up to £23,875,000 of Equity Index-Linked Unsecured  
Loan Stock 2004 at par,  
payable in full upon application

■■■

#### SHARE CAPITAL

Authorised			Issued and to be issued fully paid*	
£	Number		£	Number
40,000,000	160,000,000	Ordinary Shares of 25p each	25,000,000	100,000,000

\*On the basis that the Issue is fully subscribed.

#### THE OFFERS FOR SUBSCRIPTION

Up to 100,000,000 Ordinary Shares (with Warrants attached) (less any Ordinary Shares (with Warrants attached) subscribed for under the Share Placing) and up to £23,875,000 of Index-Linked Loan Stock (less any Index-Linked Loan Stock subscribed for under the Stock Placing) are being offered to the public under the Offers for Subscription. The minimum subscription for Ordinary Shares under the Share Offer for Subscription is 1,000 Ordinary Shares and the minimum subscription for Index-Linked Loan Stock under the Stock Offer for Subscription is £5,000. Up to 15,000,000 Ordinary Shares (with Warrants attached) and up to £3,581,250 of Index-Linked Loan Stock are being placed by S.G. Warburg Securities Ltd.

The terms and conditions of and the procedure for application under the Offers for Subscription are set out at the end of this document and Application Forms are attached.

Completed Application Forms must be posted or delivered by hand to New Issues Department, Barclays Registrars, PO Box 166, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TH or delivered, by hand only, to Barclays Registrars, 8 Angel Court, Throgmorton Street, London EC2 in each case so as to be received by 12.00 noon on Wednesday, 9th November, 1994.



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## Expected timetable

	1994
Latest time and date for receipt of applications	12.00 noon, 9th November
Basis of allocation to be announced by	8.30 a.m., 14th November
Despatch of certificates in respect of Ordinary Shares and Warrants	16th November
Dealings to commence in units of five Ordinary Shares (with one Warrant attached) and in units of Index-Linked Loan Stock	17th November
Despatch of certificates in respect of Index-Linked Loan Stock	22nd November
Last date for transfer or renunciation of units into PEPs	27th December
Separate dealings in Ordinary Shares and Warrants to commence on	29th December

## Summary

*This summary is derived from and should be read in conjunction with the full text of this document.*

- Fidelity Special Values is a new U.K. investment trust company with an initial life of approximately ten years.
- The investment objective of the Company is to achieve long-term capital growth from an actively managed portfolio of "special situation" investments consisting primarily of the securities of U.K. listed companies. The aim of the Manager will be to achieve a total return on the Company's assets over the long-term in excess of that on the FT-SE Actuaries All-Share (Total Return) Index.
- The Company's portfolio will be managed by Fidelity Investments International, part of the Fidelity Organisation, one of the world's largest investment management groups with total assets under management exceeding £190 billion as at 30th September, 1994. The Company's investments will be managed by the same team that manages Fidelity Special Situations Trust, an authorised unit trust with a similar investment policy which has established one of the best performance records within its sector.
- The Company will issue up to 100,000,000 Ordinary Shares (with Warrants attached on a 1 for 5 basis) at an issue price of 100p per share. The Ordinary Shares and Warrants will trade in units of five Ordinary Shares and one Warrant for 43 days from the date of allotment before being separately tradeable.
- The Company will issue up to £23,875,000 of Index-Linked Loan Stock which will be linked, in respect of interest and capital, to the FT-SE Actuaries All-Share Index. The amount of Index-Linked Loan Stock to be issued will be equal to 25 per cent. of the net proceeds of the issue of Ordinary Shares and Warrants.
- The initial net asset value of the Company will be 95.5 per cent. of the gross proceeds of the Share Offer for Subscription.
- It is expected that the Company will be a fully qualifying investment trust for PEP purposes. Under current legislation up to £6,000 of Ordinary Shares (with Warrants attached) issued under the Share Offer for Subscription can be included in a general PEP for the 1994/95 tax year.

## Issue statistics

Maximum number of Ordinary Shares in issue following the Issue	100,000,000
Maximum number of Warrants in issue following the Issue	20,000,000
Maximum nominal amount of Index-Linked Loan Stock in issue following the Issue	£23,875,000
Offer price per Ordinary Share	100p
Maximum net proceeds of the Issue	£119,375,000
Initial net asset value per Ordinary Share	95.5p

## Definitions

"Act"	the Companies Act 1985 as amended from time to time
"Company" or "Fidelity Special Values"	Fidelity Special Values PLC
"Directors" or "Board"	the directors of the Company
"Fidelity Organisation" or "Fidelity"	the Fidelity Organisation, comprising FMR Corp., USA, and Fidelity International Limited, Bermuda, and their respective subsidiary companies
"Index"	the FT-SE Actuaries All-Share Index or any comparable index adopted instead as described in Part III of this document
"Index-Linked Loan Stock" or "Stock"	units of Equity Index-Linked Unsecured Loan Stock 2004 of the Company, linked, for the purposes of income and capital, to the Index, particulars of which are set out in Part III of this document
"Issue"	the Offers for Subscription, the Share Placing and the Stock Placing
"Manager"	Fidelity Investments International
"Offers for Subscription"	the Share Offer for Subscription and the Stock Offer for Subscription
"Ordinary Shares"	ordinary shares with a nominal value of 25p each in the Company
"Placing"	the Share Placing and the Stock Placing
"PEP"	Personal Equity Plan
"Share Offer for Subscription"	the offer for subscription of Ordinary Shares (with Warrants attached), details of which are contained in this document
"Share Placing"	the placing of Ordinary Shares (with Warrants attached), details of which are contained in this document
"Shareholders"	holders of Ordinary Shares
"Stockholders"	holders of Stock
"Stock Offer for Subscription"	the offer for subscription of Index-Linked Loan Stock, details of which are contained in this document
"Stock Placing"	the placing of Index-Linked Loan Stock, details of which are contained in this document
"the London Stock Exchange"	The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited
"Warrants"	warrants to subscribe for Ordinary Shares, the terms and conditions of which are set out in Part II of this document
"Warrantholders"	holders of Warrants

## **Directors, Manager and advisers**

### **Directors (non-executive)**

Robert Alexander Hammond-Chambers (Chairman)

Douglas Kinloch Anderson

Barry Richard James Bateman

Richard David Christopher Brooke

James Tait Laurenson

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

### **Sponsor and Stockbrokers**

S.G. Warburg Securities Ltd.

1 Finsbury Avenue

London EC2M 2PA

### **Solicitors to the Company and the Sponsor**

Slaughter and May

35 Basinghall Street

London EC2V 5DB

### **Auditors**

Coopers & Lybrand

Chartered Accountants and Registered Auditors

Plumtree Court

London EC4A 4HT

### **Receiving agents**

New Issues Department

Barclays Registrars

PO Box 166

Bourne House

34 Beckenham Road

Beckenham

Kent BR3 4TH

### **Registrars**

Barclays Registrars

Bourne House

34 Beckenham Road

Beckenham

Kent BR3 4TU

### **Trustee for the**

**Index-Linked Loan Stock**

Sun Alliance Trust Company Limited

40 Chancery Lane

London WC2A 1JN

### **Bankers and custodian**

Clydesdale Bank PLC

30 St. Vincent Place

Glasgow G1 2HL

## **PART I**

### **Introduction**

Fidelity Special Values is a new U.K. investment trust company whose portfolio will be managed by Fidelity Investments International, part of the Fidelity Organisation which is one of the world's largest investment management organisations with total assets under management exceeding £190 billion as at 30th September, 1994.

### **The U.K. investment background**

The U.K. economy has shown sustained growth since the third quarter of 1992 after some two years of recession. Projections by 35 independent forecasters for the U.K. economy indicate on average GDP growth of around 3.3 per cent. for 1994 and 2.9 per cent. for 1995, with increases in the retail price index of below 4 per cent. per annum. The move out of recession has to date been led by the consumer, with consumer spending rising steadily throughout 1993 and the first half of 1994. The Directors believe that an increasing contribution to future growth will be made by companies in the export sector, reflecting a continuing strong performance from the U.S. economy and recovery in Continental Europe and Japan. There has been a significant improvement in the financial strength of the corporate sector since its low point in 1990 which the Directors expect to continue, with corporate profits growth projected by these independent forecasters to be on average over 10 per cent. per annum both for 1994 and 1995.

The Directors believe that this environment should encourage consumer and investor confidence and that it provides an attractive background for long-term investment.

### **Investment objective and policy**

The Company's investment objective is to achieve long-term capital growth from an actively managed portfolio of "special situation" investments consisting primarily of securities listed or traded on the London Stock Exchange.

Fidelity Special Values will concentrate on the selection of shares in individual companies which fall within the Manager's definition of "special situations" (as described in the section headed "Special situations" below). The portfolio will consist predominantly of securities of U.K. listed companies but the Manager will have the flexibility to invest up to 20 per cent. of the Company's assets in Continental European and other overseas stockmarkets.

The Company will invest mainly in shares but may also invest in equity-related instruments (such as convertible bonds or warrants) and in debt instruments. The Company may invest up to 5 per cent. of its assets in unquoted securities, but it is unlikely that the Manager will make such investments except where it is expected that the securities will shortly be listed. Save in respect of the Index-Linked Loan Stock, it is not expected that the Company will exercise its power to borrow money on a long-term basis.

The Company's portfolio will be monitored and reassessed continually and is expected to be managed actively. Holdings may be sold either when they have achieved their objective or when a better opportunity is identified. Investments made by the Company may, however, be held for a considerable period in order to realise their perceived value.

The Manager will aim to achieve a total return on the Company's assets over the long-term in excess of the equivalent return on the FT-SE Actuaries All-Share (Total Return) Index.

The investment policies described above will, in the absence of unforeseen circumstances, be adhered to for a minimum period of three years from the date on which the Ordinary Shares and Warrants are first listed on the London Stock Exchange, and any material change within that period may only be made with Shareholder approval.

## Special situations

The Manager regards as a "special situation" a company attractively valued in relation to net assets, dividend yield or future earnings per share, but which, in its view, has additionally some other specific features that could have a positive influence on its share price. The types of companies which may fall within the definition of "special situation" include:

- companies with recovery potential
- companies with strong growth potential
- companies with assets whose value has not generally been recognised
- companies with a special product which has a particular market niche and therefore good earnings potential
- companies which are possible take-over candidates
- companies subject to restructuring and/or changes in management
- companies which are not widely researched by the brokerage community

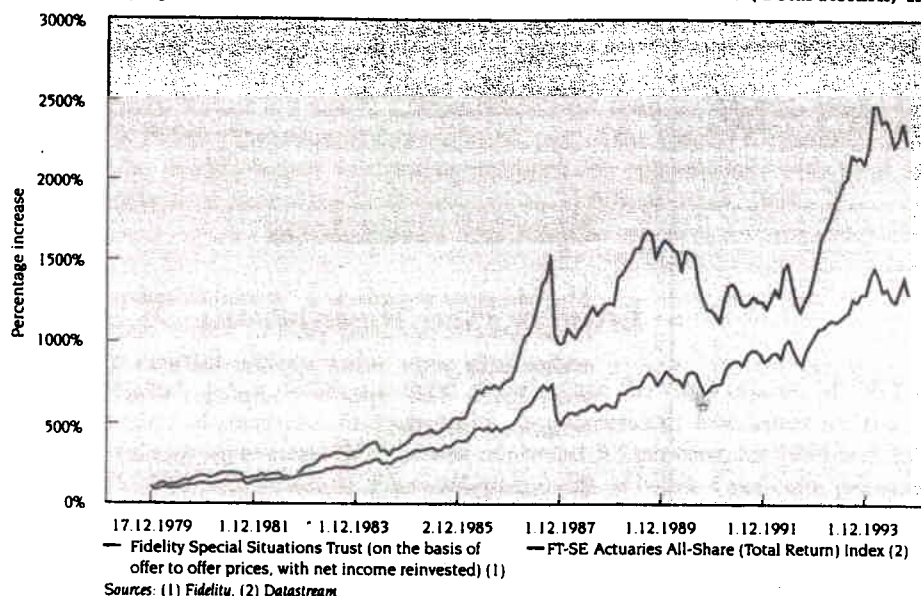
The Manager is likely to concentrate on companies which it considers to be out of favour with investors or undervalued in relation to generally accepted valuation measures, but where it believes investor sentiment is likely to improve in the medium term.

These investment criteria will tend to lead to a focus on shares in companies outside the market leaders. The Manager will adopt a "bottom-up" stockpicking approach with securities selected primarily on the basis of specific criteria relevant to the company in question and not on the basis of general macro-economic considerations. The Manager believes that in order to identify those companies which it considers to be "special situations" it will be important to carry out its own research. As well as its analysis of companies' financial position and their relative valuations, the Manager meets the management of a significant number of such companies. It aims thereby to build an information advantage which previous experience has indicated can be utilised to exploit the market inefficiencies and hidden values in under-researched companies. After investment in a company, the Manager will follow it closely and, generally, maintain contact with the management in order to identify at an early stage any change in its situation or prospects.

This investment strategy will lead to the majority of the Company's investments comprising securities of companies outside the FT-SE 100 Index and the composition of the portfolio is unlikely to reflect the sector weightings of the FT-SE Actuaries All-Share Index. The performance of the Company is therefore unlikely to track closely either of these indices, in common with the past record of Fidelity Special Situations Trust, an authorised unit trust with a similar investment policy, which is managed by the same team that will manage the Company's investments and has one of the best performance records within its sector. The following graph shows the performance of Fidelity Special Situations Trust and the FT-SE Actuaries All-Share (Total Return) Index since the launch of Fidelity Special Situations Trust in 1979 up to 30th September, 1994.

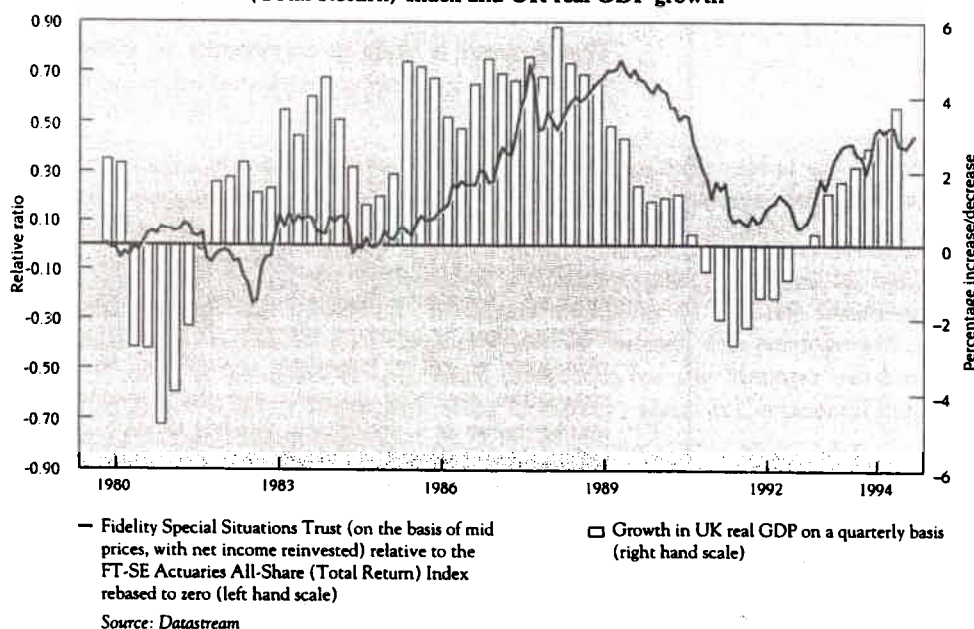


Fidelity Special Situations Trust and the FT-SE Actuaries All-Share (Total Return) Index



The graph below shows the performance of Fidelity Special Situations Trust since its launch, relative to the FT-SE Actuaries All-Share (Total Return) Index, and U.K. real GDP growth.

Fidelity Special Situations Trust relative to the FT-SE Actuaries All-Share (Total Return) Index and UK real GDP growth



The periods when the unit trust has underperformed the index have generally occurred when economic growth was weak or falling. At these times it has tended to be the larger companies which have shown the strongest performance. In contrast, the periods when the unit trust has outperformed the index have generally been when economic growth has been rising. Over the long-term the performance record of Fidelity Special Situations Trust is outstanding and has been greatly superior to that of the index. It has achieved an above average performance in its peer group of U.K. equity growth unit trusts, is ranked first in its peer group since its launch and has achieved long-term outperformance of the FT-SE Actuaries All-Share (Total Return) Index, as shown

below. The Manager believes that Fidelity Special Situations Trust's long-term performance record demonstrates the success of its investment approach.

	1 Year	3 Years	5 Years	10 Years	Since launch
Fidelity Special Situations Trust <sup>(1)</sup>	4.4%	73.4%	34.1%	553.6%	2,114.8%
FT-SE Actuaries All-Share (Total Return) Index <sup>(2)</sup>	4.2%	35.7%	62.7%	339.3%	1,207.5%
Number of unit trusts in sector <sup>(3)</sup>	141	129	117	53	34*
Quartile ranking of Fidelity Special Situations Trust <sup>(4)</sup>	1st	1st	3rd	1st	1st

(1) Source: Fidelity. The return of Fidelity Special Situations Trust is calculated on the basis of offer to offer prices, with net income reinvested on ex-dividend dates.

(2) Source: Datastream. The return on the FT-SE Actuaries All-Share (Total Return) Index includes income.

(3) Source: Micropal. The sector comprises U.K. equity growth unit trusts, as measured by Micropal.

(4) Source: Micropal. On a total return basis.

Figures to 30th September, 1994. \* From 1/1/80.

The Directors believe that, against the prevailing background of sustained U.K. economic growth, an investment trust, with the investment approach outlined above and a capital structure which includes Index-Linked Loan Stock, currently offers an attractive long-term investment opportunity.

## Management of the Company

The Directors are responsible for the determination of the Company's investment policy and have overall responsibility for the Company's activities. The Company has, however, entered into a management agreement with the Manager, Fidelity Investments International, under the terms of which the Manager is responsible for managing the Company's portfolio of investments on a discretionary basis, subject to the overall supervision of the Directors.

Fidelity Investments International is a subsidiary of Fidelity International Limited, part of the Fidelity Organisation which had, as at 30th September, 1994, total assets under management exceeding £190 billion. Since its foundation in 1946 in Boston, USA, Fidelity has developed into one of the largest investment management organisations in the world. Fidelity International Limited in Bermuda and FMR Corp. in the United States are separate companies, sharing the same basic investment and management philosophy which has contributed to Fidelity's success around the world. The shares in each company are largely owned by its employees and their families, the Johnson family and related trusts.

Fidelity has 6 investment managers and 31 analysts specialising in U.K. equity investments. The 6 investment managers have an average of 13 years of investment experience, with an average of 7 years service at Fidelity. Fidelity has had an investment management business in the U.K. since 1979 and at 30th September, 1994 it managed U.K. equity assets in excess of £4 billion. Fidelity's investment team undertakes intensive research; it made over 1,100 contacts with U.K. companies in the 12 months to September 1994.

## Directors

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

**Alex Hammond-Chambers, Chairman** (aged 51). He was Chairman of Ivory & Sime PLC. He is Chairman of Covey Advertising Ltd, European Financial Equities PLC and Leveraged Opportunity Trust PLC and is a director of a number of other companies including Fidelity Japanese Values PLC, Ivory & Sime Optimum Investment Trust PLC and Contra-Cyclical Investment Trust PLC.

**Douglas Kinloch Anderson** (aged 55). He is a director of Scottish Eastern Investment Trust plc. He has been President of the Edinburgh Chamber of Commerce and a member of the Scottish Committee of the Institute of Directors. He was previously a Board Member of the Scottish Tourist Board and Master of the Edinburgh Merchant Company and is currently National President of the Royal Warrant Holders Association.

**Barry Bateman** (aged 49). He is President of Fidelity International Limited and a director of Fidelity European Values PLC, Fidelity Japanese Values PLC and of a number of companies in the Fidelity Organisation. He joined Fidelity in 1981 having previously been research director at Hoare Govett and marketing director at Datastream. He is a former Chairman of the Association of Unit Trusts and Investment Funds.

**David Brooke** (aged 55). He is Chairman of JO Hambro & Partners and a director of J.O. Hambro & Company. He is also Chairman of North Atlantic Smaller Companies Investment Trust PLC and of Govett Global Smaller Companies Investment Trust Plc and a director of several other companies including HCG Lloyd's Investment Trust Plc, Gartmore American Securities Plc and Templeton Emerging Markets Investment Trust Plc. He is a former director of S.G. Warburg Group Plc.

**James Laurenson** (aged 53). He is Chairman of Nippon Assets Investments S.A. and a director of I & S UK Smaller Companies Trust plc, Alvis plc, NSM plc and Hiscox Holdings Ltd. He was managing director of Adam & Company Group Plc and prior to that a director of Ivory & Sime Ltd.

## Management fees and administrative charges

Under the terms of the Management Agreement between the Company and the Manager (details of which are set out in paragraph 6 of Part IV), the Manager will be paid a fee at the rate of 0.95 per cent. per annum (plus VAT) of the value of the total assets under management (as defined in the Management Agreement), calculated and payable quarterly in arrear, in respect of the provision of management, administration and secretarial services to the Company. The Company will also pay a fee of £12,500 (plus VAT) to the Manager in respect of its participation in the Fidelity Investment Trust Plan in respect of the period ending 31st March, 1995 out of which the Manager will meet the costs of administering and marketing the plan.

Under the terms of the Custodian Agreement between the Company and Clydesdale Bank PLC, details of which are set out in paragraph 6 of Part IV, Clydesdale Bank PLC is entitled to receive from the Company a fee at the rate of 0.015 per cent. per annum of the value of the gross assets of the Company, plus transaction charges, (together with VAT).

The Company will, in addition to the above fees and charges, incur other running costs, including Directors' fees, registrars' fees, listing fees, fees for audit and other professional services, the cost of printing and posting the annual accounts and interim reports and other administrative expenses.

## Corporate structure

The Company has a capital structure consisting of Ordinary Shares and Warrants. In addition the Company will have in issue units of Index-Linked Loan Stock.

The Ordinary Shares will rank in full for all dividends and other distributions declared by the Company. Shareholders are entitled to attend and vote at general meetings of the Company.

Each Warrant will entitle its holder to subscribe 100p (subject to adjustment in certain circumstances) for one Ordinary Share in any of the years 1996 to 2004 inclusive. The Warrants will be allocated to initial subscribers of the Ordinary Shares in the ratio of 1 for 5 and the Ordinary Shares with Warrants will trade in units for 43 days from the date of allotment, in order to allow both the Ordinary Shares with Warrants (as units) to be transferred into PEPs, before being traded separately.

The terms and conditions of the Warrants are set out in Part II.

The Articles of Association of the Company require that an ordinary resolution be proposed to Shareholders at the annual general meeting of the Company to be held in 2004 to approve the continuation of the Company. The Articles of Association provide that, if Shareholders vote in favour of continuation, they will have the opportunity to vote on this matter every five years thereafter.

## Index-Linked Loan Stock

As part of the Issue, the Company will issue Index-Linked Loan Stock with a nominal amount equal to 25 per cent. of the net proceeds of the issue of Ordinary Shares (with Warrants attached).

The Index-Linked Loan Stock will be issued at par in units. The nominal amount of each unit will be an amount, expressed in sterling, obtained by dividing by 100 the figure for the level of the FT-SE Actuaries All-Share Index as published in the *Financial Times* on the business day immediately prior to the commencement of dealings in the Stock. Fractions of units of Stock will not be issued. The redemption value of the Stock will be its issue price as increased or decreased by the percentage growth or reduction in the Index to 31st December, 2004 or any earlier date on which it is redeemed.

Interest on the Index-Linked Loan Stock will be paid in sterling semi-annually on 30th June and 31st December in each year at a rate of approximately 50 per cent. of the gross dividend yield on the Index on 31st May and 30th November (or the closest prior business day thereto) respectively as published in the *Financial Times*. Interest will be calculated on the issue price of the Index-Linked Loan Stock adjusted to reflect the increase or decrease in the Index up to the date of calculation.

The market price per unit of Index-Linked Loan Stock, following its issue, will be published daily in the *Financial Times*. The underlying Capital Value per unit of Index-Linked Loan Stock (calculated on the basis set out in Part III) on any day will equate to the level of the Index as published on that day divided by 100.

At any time the Company may make further issues of Index-Linked Loan Stock ranking *pari passu* with the existing Stock but only to the extent that the aggregate issue price of the further Stock to be issued, when aggregated with the Capital Value of the existing Stock, does not exceed 25 per cent. of the value of the net assets of the Company at the time of such issue.

The Company will also be empowered to purchase Index-Linked Loan Stock in the market and subsequently to reissue or sell such re-purchased Stock, subject to the various limits set out in paragraph 3(E) of Part III.

The inclusion of the Index-Linked Loan Stock in the capital structure of the Company will benefit Shareholders if the Company achieves its aim of outperforming the Index, but will have the opposite effect if this aim is not met.

Particulars of the Index-Linked Loan Stock are set out in Part III.



## Issue arrangements

S.G. Warburg Securities Ltd. is sponsoring the Issue of up to 100,000,000 Ordinary Shares (with Warrants attached) and up to £23,875,000 of Index-Linked Loan Stock. No Ordinary Shares (with Warrants attached) or Index-Linked Loan Stock will be issued unless at least £30 million in aggregate (before expenses) is raised in the Share Placing and the Share Offer for Subscription.

The Share Offer for Subscription of up to 100,000,000 Ordinary Shares (with Warrants attached) (less any Ordinary Shares (with Warrants attached) subscribed for under the Share Placing) is not underwritten. Authorised financial intermediaries will be entitled to a commission of 3 per cent. of the value, at 100p per share, of Ordinary Shares (with Warrants attached) allotted under the Share Offer for Subscription pursuant to valid Application Forms which bear their stamp. The minimum application under the Share Offer for Subscription is £1,000.

The Stock Offer for Subscription of up to £23,875,000 of Index-Linked Loan Stock (less any Index-Linked Loan Stock subscribed for under the Stock Placing) is underwritten by S.G. Warburg Securities Ltd. To the extent that applications accepted for Index-Linked Loan Stock comprise an aggregate amount which is equal to less than 25 per cent. of the net proceeds of the Issue of Ordinary Shares (with Warrants attached) by the time of the closing of the Offers for Subscription, S.G. Warburg Securities Ltd. will itself subscribe for units of Index-Linked Loan Stock, immediately following the closing of the Offers for Subscription, up to an aggregate amount (including applications under the Stock Offer for Subscription and the Stock Placing) equal to 25 per cent. of the net proceeds of the Issue of Ordinary Shares (with Warrants attached). No commission will be paid to intermediaries in respect of applications for Index-Linked Loan Stock under the Stock Offer for Subscription. The minimum application under the Stock Offer for Subscription is £5,000.

Up to 15,000,000 Ordinary Shares (with Warrants attached) and up to £3,581,250 of Index-Linked Loan Stock are being placed under the Placing. S.G. Warburg Securities Ltd. has agreed to use its reasonable endeavours to procure subscribers for all such Ordinary Shares and Index-Linked Loan Stock but the Share Placing has not been underwritten. A commission of 3 per cent. of the value, at 100p per share, of Ordinary Shares (with Warrants attached) acquired under the Share Placing will be paid to placees. No commission will be paid to placees in respect of the Stock Placing.

In the event of the Share Offer for Subscription being over-subscribed, the Directors will endeavour to accept in full applications from those investors who have applied to invest not more than £6,000 in Ordinary Shares (with Warrants attached) and may wish to hold their Ordinary Shares and Warrants in a PEP; consequently, applications to invest up to £6,000 in Ordinary Shares (with Warrants attached) will not be scaled back but may be subject to a ballot. In the event of the Stock Offer for Subscription being over-subscribed, applications will be scaled back.

The expenses of the Issue (including preliminary expenses and irrecoverable VAT) to be borne by the Company will amount to 4.5 per cent. of the gross proceeds of the Share Offer for Subscription and the Share Placing. The Manager will reimburse the Company in respect of expenses of the Issue to the extent that they exceed this amount. If such expenses (including irrecoverable VAT) are less than 4.5 per cent. of such gross proceeds, the Company will pay a fee to the Manager equal to the difference. As a result of these arrangements, the initial net asset value per Ordinary Share immediately following the Issue will be 95.5p.

Certificates in respect of Ordinary Shares (with Warrants attached) are expected to be despatched on 16th November, 1994 and will take the form of a certificate for the relevant number of Ordinary Shares with a certificate attached to it for the relevant number of Warrants. Before 29th December, 1994, the Ordinary Shares and Warrants may only be transferred in the form of units on presentation to Barclays Registrars of Ordinary Share and Warrant certificates in attached form. From this date, the Ordinary Share and Warrant certificates may be detached and the Ordinary Shares and the

Warrants will be traded separately. Certificates in respect of Index-Linked Loan Stock are expected to be despatched on 22nd November, 1994. Pending despatch of such certificates, transfers of Stock will be certified against the register of Stockholders.

## Accounts and dividends

Accounts will be drawn up in sterling to 31st August in each year, the first accounting period being to 31st August, 1995. The Company's primary investment objective will be to achieve long-term capital growth. Accordingly, it is expected that a portion of the management expenses will be charged against the Company's capital reserves. In addition, a portion of the financing costs of the Index-Linked Loan Stock will be so charged.

Having regard to the relatively low dividend yield expected to be received from the Company's portfolio, it is unlikely that any amount available for dividend will be significant, even after charging a portion of such expenses and costs to capital reserves. 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 or securities.

## Personal Equity Plans

The Company intends to manage its affairs so as to be a fully qualifying investment trust for PEP purposes. The attraction of a PEP is that returns from shares held within it are free of capital gains tax and income tax.

Ordinary Shares (with Warrants attached) issued under the Share Offer for Subscription will qualify for inclusion in a general PEP and may (subject as provided below) be transferred to, or acquired for the account of PEP clients by, PEP managers, subject to a current maximum of £6,000 per individual for a single tax year.

Ordinary Shares resulting from the exercise of Warrants held in a PEP can be retained in a PEP if the Warrants are exercised with cash held within the PEP although the rules of some PEPs may not allow this. Warrants on their own cannot be included in a PEP.

Allocations of up to £6,000 per individual subscribed for under the Share Offer for Subscription may be transferred into a general PEP for the 1994/1995 tax year up to and including 27th December, 1994 (on the basis that the Ordinary Shares (with Warrants attached) are expected to be allotted on 16th November, 1994).

It is the responsibility of any applicant intending to transfer Ordinary Shares (with Warrants attached) into a PEP by 27th December, 1994 for the 1994/1995 tax year to make the necessary arrangements with his/her PEP manager. The rules of some PEPs may not allow the transfer of Ordinary Shares (with Warrants attached) into them. Certain PEPs are subject to a seven day cooling-off period before the PEP can be opened and Ordinary Shares (with Warrants attached) transferred into it.

Ordinary Shares (with Warrants attached) allotted under the Share Placing and Index-Linked Loan Stock will not be eligible for renunciation or transfer into a PEP.

The information above about PEPs is based on Inland Revenue practice and the law and regulations currently in force and is subject to any changes therein. Applicants should note that all applications for Ordinary Shares (with Warrants attached) are irrevocable and will remain valid even if the PEP regulations or limits change and prevent Ordinary Shares (with Warrants attached) allotted being transferred into a PEP. Applications for Ordinary Shares (with Warrants attached) to be transferred into a PEP must be in the name of an eligible individual aged over 18 and not in the name of a nominee, a manager or a couple with any account designation. A PEP manager may nevertheless apply for Ordinary Shares (with Warrants attached) for the account of PEP clients.

## Savings plan

Ordinary Shares in the Company will be available for purchase through the Fidelity Investment Trust Plan from the date of commencement of separate dealings in the Ordinary Shares as well as being available through the stockmarket.

## Taxation

The Directors intend to conduct the affairs of the Company in a manner which will satisfy the conditions for approval as an investment trust under 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.

Potential investors are referred to paragraph 7 of Part IV 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 Stock, he or she should consult a professional adviser.

## Risk factors

Investors contemplating an investment in the Ordinary Shares and/or the Warrants and/or the Index-Linked Loan Stock of the Company should recognise that the investment value of the Ordinary Shares and/or the Warrants and/or the Index-Linked Loan Stock can fluctuate. Additionally, in the case of the Ordinary Shares and Index-Linked Loan Stock, income derived from such securities can fluctuate. There is no guarantee that the market price of Ordinary Shares in the Company will reflect fully their underlying net asset value or that the market value of the Index-Linked Loan Stock will reflect fully the level of the FT-SE Actuaries All-Share Index.

The Company's policy of investing in "special situation" shares is likely to result in a significant proportion of its portfolio consisting of shares which may carry a higher risk than other shares available in the market. In addition, as noted in the section headed "Special situations" above, although the aim of the Manager will be to achieve a total return over the long-term in excess of that on the FT-SE Actuaries All-Share (Total Return) Index, the performance of the Company is likely to diverge significantly at times from that of the Index.

Investment in the Warrants is likely to involve a high degree of gearing such that relatively small movements in the price of the Ordinary Shares may result in disproportionately large movements, unfavourable as well as favourable, in the price of the Warrants.

Investment in the Company should be regarded as long-term in nature. There can be no guarantee that the Company's objectives will be achieved and the past performance of Fidelity Special Situations Trust is not necessarily a guide to the likely performance of the Company.

Potential investors should note that the inclusion of the Index-Linked Loan Stock in the capital structure of the Company will benefit Shareholders if the Company achieves its aim of outperforming the Index, but will have the opposite effect if this aim is not met. They should also note that the rate of interest payable on the Index-Linked Loan Stock is likely to exceed the yield on the Company's portfolio.

## Applications and dealings

The terms and conditions of application are set out in Part V at the end of this document and the procedure for application can be found in the Application Forms. Application Forms must be posted or delivered to New Issues Department, Barclays Registrars, P.O. Box 166, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TH or by hand only to Barclays Registrars, 8 Angel Court, Throgmorton Street, London EC2, in each case to arrive not later than 12.00 noon on Wednesday, 9th November, 1994.

It is expected that the basis of allocation will be announced by 8.30 a.m. on Monday, 14th November, 1994, that dealings in units, each comprising five Ordinary Shares with one Warrant attached, and in the Index-Linked Loan Stock will commence on 17th November, 1994 and that dealings in the Ordinary Shares and the Warrants will commence separately on 29th December, 1994.

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

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

The minimum level of application for the Stock will be £5,000; applications for Stock should be for amounts which are multiples of £5,000.



PART II

## 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 the right (a "subscription right") to subscribe in cash on 1st January in any of the years 1996 to 2004 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 one Ordinary Share of 25p each in the Company (an "Ordinary Share") 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 August, there shall be substituted for the said 1st January the date falling four months after the new accounting reference date. The number and/or nominal value of Ordinary Shares to be subscribed pursuant to subscription rights 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 3.00 p.m. on that date) accompanied by a remittance for the aggregate amount payable on subscription 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. The Directors may require, as a condition of exercise of any Warrants, that the beneficial owner of such Warrants certifies that such exercise is not by or on behalf of, or with a view to a transfer of the Ordinary Shares to which the Warrants relate to, a United States Person or delivers such other certifications as to nationality or residence as they deem necessary or desirable for the best interests of the Company. Exercising Warrantholders must also comply with any applicable legal requirements.
- (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 moneys which represents such a fraction (if any), provided that if more than one

Warrant is exercised at the same time by the same holder then, for the purposes of determining the number of Ordinary Shares issuable upon the exercise of such Warrants and whether (and, if so, what) fraction of an Ordinary Share arises, the number of Ordinary Shares arising on the exercise of each Warrant shall first be aggregated. In the event of a partial exercise of the subscription rights evidenced 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 the date of 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 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 or cancelled in respect of 75 per cent. or more of the Ordinary Shares to which the subscription rights attached to Warrants originally issued by the Company or issued pursuant to these terms and conditions 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 for the purposes set out below 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. 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 either (i) 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 or (ii) (if it appears to the trustee that doing so is likely to realise greater net proceeds for Warrantholders) accept any offer available to Warrantholders for the purchase of the Warrants. 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, either (i) exercise all the subscription rights which shall not have 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 or (ii) (if it appears to the trustee that doing so is likely to realise greater net proceeds for Warrantheolders) accept any offer available to Warrantheolders for the purchase of the Warrants. 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.

- (i) The trustee referred to in paragraphs 1(g) and (h) above shall have no liability of any nature whatsoever where he has acted honestly and reasonably and shall have no responsibility for the safe custody of, or to earn any interest on, any unpaid or unclaimed money.

## 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 Warrantheolder with effect from the record date for such capitalisation, sub-division or consolidation. Such adjustments shall be determined by the Directors and the auditors for the time being of the Company (the "Auditors") shall confirm that in their opinion the adjustments have been determined in all material respects in accordance with these terms and conditions. Within 28 days after the relevant event referred to in (i) or (ii) above, notice of such adjustments will be given to the Warrantheolders and, if the Company considers it necessary or desirable, new Warrant certificates will be issued in respect of any additional Ordinary Shares for which a Warrantheolder is entitled to subscribe in consequence of any such adjustment where, in its discretion, the Company elects to give effect to such adjustment by the issue of additional Warrants (as opposed to an adjustment of the subscription terms of existing Warrants). 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 an offer made in connection with scrip dividend arrangements) 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 Warrantheolders 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 made previously pursuant to paragraph 2(a) or this paragraph 2(b)) 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, or if the Directors are unable to procure that such offer or invitation is made, the Company shall not be required to procure that such offer or invitation is made but the subscription price and the subscription rights shall be adjusted:

- (i) in the case of an offer of additional 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:

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

where:

"X" means the number of Ordinary Shares in issue on the date of such announcement;

"Y" means the number of Ordinary Shares which the aggregate of the amount payable for the total number of additional Shares comprised in such rights issue would purchase at such market price; and

"Z" means the aggregate number of Ordinary Shares offered for subscription;

and by dividing the number of Ordinary Shares to be subscribed on any future exercise of the subscription rights by the same fraction. Such adjustment shall be determined by the Directors, and the Auditors shall confirm that in their opinion the adjustment has been determined in all material respects in accordance with these terms and conditions;

- (ii) in any other case, in such manner as the Directors shall determine and the Auditors shall report to be fair and reasonable.

Any such adjustment shall become effective as at the record date of the offer or invitation. For the purposes of this paragraph 2(b), "market price" means the average of the mid-market 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 day on which the market price is to be ascertained but making an appropriate adjustment if the Ordinary Shares to be issued pursuant to the offer or invitation do not rank, on some or all of the relevant dealing days, *pari passu* as to dividends and other distributions with the Ordinary Shares in issue on those days. The Company shall give notice to the Warrantholders within 28 days of any adjustment made pursuant to this paragraph 2(b) and, if the Company considers it necessary or desirable, despatch new Warrant certificates in the manner described in paragraph 2(a).

- (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 in accordance with the following formula:

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

where:

"A" means the reduction in the subscription price;

"B" means the subscription price ruling immediately before the adjustment;

"C" means the average of the mid-market 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 such offer (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made;

and

"D" means the average of the mid-market 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 such offer (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made.

However:

- (i) no adjustment shall be made in the subscription price where the value of D exceeds the aggregate value of B and C;
- (ii) the subscription price shall be further adjusted to take account of the market value of the Warrants (which shall be deemed to be equal to the value of C) having regard, *inter alia*, to the time value of money in such manner as the Directors shall determine and as the Auditors shall report, in all the circumstances, to be fair and reasonable; and
- (iii) the subscription price shall not be adjusted so as to cause the Company to be obliged to issue Ordinary Shares at a discount and, if the application of the above formula would, in the absence of this sub-paragraph (iii), 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 subsequent exercise of the subscription rights in accordance with paragraph 3(g) but not otherwise shall be adjusted by the Directors in such manner as they determine to be appropriate, and the Auditors report to be fair and reasonable, to achieve, so far as is possible, the same economic result for the Warrantheolders as if the subscription price had been adjusted without regard to this sub-paragraph (iii) in all the circumstances.

Such reduction shall be determined by the Directors and the Auditors shall confirm that, in their opinion, in all the circumstances, the reduction has been determined in all material respects in accordance with these terms and conditions.

Any such adjustment shall become effective on the date on which the Company becomes aware that, as a result of such offer as is referred to in paragraph 3(g), the right to cast a majority of the votes which may normally be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such persons or companies. Publication of a scheme of arrangement or conclusion of a legally binding agreement providing for the acquisition by any person of the whole or any part of the issued ordinary share capital of the Company (by whatever means) shall be deemed to be the making of an offer for the purposes of this paragraph 2(c) and paragraph 3(g). The Company shall give notice to the Warrantheolders within 28 days of any adjustments made pursuant to this paragraph 2(c) and, if the Company considers it necessary or desirable, despatch new Warrant certificates in the manner described in paragraph 2(a).

- (d) 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 Warrantheolders), the provisions of paragraph 2(c) shall apply *mutatis mutandis* and any adjustment made pursuant to this paragraph 2(d) shall be calculated by reference to, and shall become effective on, the day immediately before the date of such order or resolution. For the purposes of applying the formula set out in paragraph 2(c) above, "C" shall be the average of the mean of the quotations as derived from the London Stock

Exchange Daily Official List for one Warrant for the ten consecutive London Stock Exchange dealing days ending on the dealing day immediately preceding the earliest of the following dates: (i) the date of an announcement by the Directors of their intention to convene an extraordinary general meeting for the purpose of passing a resolution to wind-up the Company; (ii) the date of the notice of an extraordinary general meeting convened for the purpose of passing a resolution to wind up the Company; (iii) the date of commencement of the winding-up of the Company by the court; and (iv) the date of suspension by the London Stock Exchange of dealings in the Warrants prior to the making of such announcement by the Directors; and "D" shall be the amount per share as determined by the Directors with confirmation from the Auditors that such determination is fair and reasonable which each holder of an Ordinary Share would be entitled to receive on such winding-up in accordance with paragraph 3(i), on the assumption that all Warrants then unexercised had been exercised in full at the relevant subscription price and the subscription moneys in respect thereof had been received in full by the Company.

### 3. OTHER PROVISIONS

So long as any subscription rights remain exercisable but subject as provided in paragraph 4 below:

- (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, sub-division or consolidation 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 or procuring the extension to Warrantholders of 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 to 134 (inclusive) or sections 159 to 181 (inclusive) of the Companies Act 1985 or except for a reduction not involving any payment to shareholders) 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 further 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 Warranholders 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:
  - (1) 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 Warranholders in accordance with paragraph 2(b); and
  - (2) 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 Warranholders 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 Warranholders and each Warranholder 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 2(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 and so as to take effect as if he had exercised his rights immediately prior to the record date of 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 all 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 Warranholders of such vesting within 14 days of its becoming so aware and each Warranholder 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), 2(b) and 2(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. If any part of the 30-day period referred to falls before 4th December, 1995, the Warrants shall nevertheless be deemed to be exercisable during all of that period for the purposes of this paragraph 3(g) and if any part of such period falls after 4th December, 2003, the final subscription date shall be deemed to be the last business day of such 30-day period;
- (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 to the terms of paragraph 2(d) and any other circumstances which may appear to the financial advisers to the Company to be relevant), then the Warranholders shall not be entitled to exercise their subscription rights on the basis referred to in paragraph 3(g) above and any Director of the Company shall be authorised as attorney for

the Warrantholders who have not accepted such offer of Warrants (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 the case of 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), 2(b) and 2(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), 2(b) and 2(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 August except to a date falling within seven days before or after 31st August without giving to the Warrantholders not less than two months' notice thereof and of the new date to be substituted for 31st August in paragraph 1(a).

#### 4. ISSUE OF 'C' SHARES

Notwithstanding the provisions of paragraph 3 above, a qualifying 'C' share issue (as defined below) shall not constitute an alteration or abrogation of the rights attached to the Warrants (and shall not require the sanction of an extraordinary resolution of the Warrantholders) even though it may involve modification of the rights attached to the existing Ordinary Shares of the Company or the creation or issue of a new class of equity share capital if the Directors are of the opinion (having regard to all the circumstances) that such issue should not have any material dilutive effect on the fully diluted net asset value attributable to each Ordinary Share.

For this purpose, a "qualifying 'C' share issue" means an issue by the Company of shares which will, within one year of the date of issue thereof, be converted into Ordinary Shares ranking *pari passu* in all respects with the Ordinary Shares then in issue (other than, if the case requires, as regards dividends or other distributions declared, paid or made in respect of the financial year in which the conversion takes place) and may include the issue in connection therewith of warrants (whether on the same terms and conditions as the Warrants or otherwise) and any matters reasonably incidental to the process by which such shares are converted into Ordinary Shares, including but not limited to the creation, issue, sub-division, consolidation, redesignation, purchase, redemption or cancellation of any share capital of the Company, including share capital with preferred or deferred rights.



## 5. MODIFICATION OF RIGHTS AND MEETINGS

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).

## 6. 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 in this paragraph, the provisions of the Articles of Association for the time being of the Company relating to the registration, transfer, compulsory transfer and transmission of Ordinary Shares and the issue and replacement of certificates shall apply *mutatis mutandis* to the Warrants.

## 7. PURCHASE OR SURRENDER 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 and the Company may accept the surrender of a Warrant at any time. All Warrants so purchased or surrendered shall forthwith be cancelled and shall not be available for re-issue or re-sale.

## 8. FURTHER ISSUES

The Company may from time to time without the consent of the Warrantholders create and issue further warrants, whether or not so as to form a single series with the outstanding Warrants.

## 9. 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 (or such abbreviated or summary financial statement sent to holders of Ordinary Shares in lieu thereof) 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.

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- (c) If any subscription date would, but for the provisions of this paragraph 9(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;
  - (iii) "financial year" has the meaning ascribed thereto by section 223 of the Companies Act 1985 as inserted by the Companies Act 1989; and
  - (iv) "United States Person" means any person or entity defined as such in Rule 902(o) of the United States Securities Act 1933, as amended, and, without limiting the foregoing, includes any resident of the United States, or any corporation, partnership or other entity created or organised in or under the laws of the United States (including the estate of any such person, corporation or partnership created or organised in the United States) and "United States" mean the United States of America (including the States and District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.
- (e) Any determination or adjustment made pursuant to these terms and conditions by the Directors or 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.
- (g) The provisions of the Company's Articles of Association as to notices to shareholders and untraced members shall apply *mutatis mutandis* to notices to Warrantholders.
- (h) The Warrants shall be governed by, and construed in accordance with, English law.

### PART III

## Particulars of the Index-Linked Loan Stock

The Equity Index-Linked Unsecured Loan Stock 2004 to comprise the Original Stock (as defined below) was created by a Resolution of the Board of Directors of the Company passed on 18th October, 1994 and will be constituted by a trust deed (the "Trust Deed") to be entered into between the Company and Sun Alliance Trust Company Limited (the "Trustee"), a trust corporation, as trustee 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 Original Stock will be issued 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

(A) The following expressions have the following meanings:

- (i) "Act" means the Companies Act 1985 as amended from time to time;
- (ii) "Auditors" means Auditors as defined in the Trust Deed;
- (iii) "Capital Value" means, in respect of one Unit of Stock, the Index No. for the date as at which the Capital Value of the Unit of Stock falls to be calculated divided by 100 and then expressed as pounds sterling to four decimal places (rounded, if necessary, with 0.00005 being rounded up) and so in proportion for any greater number of Units of Stock;
- (iv) "Comparable Index" means an index of performance of equity securities listed on the London Stock Exchange 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;
- (v) "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;
- (vi) "Date of Issue" means, in respect of the Original Stock, the Compilation Day (expected to be 16th November, 1994) immediately preceding the date on which dealings in Units of Original Stock are expected to commence on the London Stock Exchange (expected to be 17th November, 1994) and means, in respect of Further Stock, the date specified as such in the trust deed constituting such Further Stock;
- (vii) "Dealing Day" means any day on which the London Stock Exchange is open for business;
- (viii) "Directors" means the Board of Directors for the time being of the Company;
- (ix) "Extraordinary Resolution" means an Extraordinary Resolution as defined in the Trust Deed;
- (x) "Further Stock" means any further Equity Index-Linked Unsecured Loan Stock 2004 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;
- (xi) "Gross Dividend Yield" means the number quoted under the heading "Gross Dividend Yield" or "Div yield %" in the Index;

- (xii) "Index" means the FT-SE Actuaries All-Share Index compiled by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries and presently published in the *Financial Times* or, if a Comparable Index has been adopted pursuant to the provisions referred to in paragraph 1(B) below, the Comparable Index;
- (xiii) "Index No." for any date means the number quoted as the value of the Index as at that date;
- (xiv) "Interest Payment Date" means the last business day (being a day on which banks are open for business in the City of London) in June and December in each year, the first Interest Payment Date in respect of the Original Stock being the last such business day in June 1995;
- (xv) "Interest Reference Date" means the date of the last Compilation Day in May and November in each year, the first Interest Reference Date in respect of the Original Stock being such date in May 1995;
- (xvi) "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 to four decimal places (rounded, if necessary, with 0.00005 being rounded up);
- (xvii) "London Stock Exchange" means The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited;
- (xviii) "Original Stock" means such number of Units of Equity Index-Linked Unsecured Loan Stock 2004 of the Company as may be issued pursuant to the Issue described in the listing particulars of the Company dated 19th October, 1994 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;
- (xix) "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;
- (xx) "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 as at which the Capital Value has to be calculated for the purpose of such redemption of Stock;
- (xxi) "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;
- (xxii) "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;
- (xxiii) "Stockbrokers" means stockbrokers appointed by the Trustee with the approval of the Company, such approval not to be unreasonably withheld or delayed;
- (xxiv) "Stockholders" means the several persons for the time being entered in the register of the Stockholders as the holders of Stock;
- (xxv) "Subsidiary" means any company which is for the time being a subsidiary undertaking (within the meaning given to that expression by section 258 of the Act) of the Company; and
- (xxvi) "Unit of Stock" or "Unit" means one unit of Stock with a nominal value equal, in the case of the Original Stock, to the Issue Price and, in the case of any Further Stock, to the issue price thereof.



- (B) 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 1(D) 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 Trustee following consultation with the Stockbrokers, the adoption of the Comparable Index is not materially prejudicial to the interests of the Stockholders.
- (C) For the purposes of the provisions of sub-paragraph (ii) 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 1(D) below for a continuous period of 30 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(B) above.
- (D) 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 of calculating 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 or a base date 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), in the absence of manifest error, be conclusive and binding on the Company, the Trustee and the Stockholders.

## 2. INTEREST

- (A) Subject as provided in paragraph 3 below, 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, in the case of the first payment of interest on any Stock, 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:

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

where:

Y is the interest payable on 100 Units of Stock;

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

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

C is the number of days which have elapsed from (but excluding) the last preceding Interest Payment Date (or, in the case of the first payment of interest on any Stock, from (and including) the Date of Issue) to (and including) the relevant 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) 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, if necessary, 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 as at 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:
- (i) if such revised figure or percentage relates to an error in the Index No. or Gross Dividend Yield as at 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;
  - (ii) if such revised figure or percentage relates to an error in the Index No. or Gross Dividend Yield as at an Interest Reference Date and is published less than three Dealing Days prior to, 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
  - (iii) if such revised figure or percentage relates to an error in the Index No. or Gross Dividend Yield as at 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 (if any) payable on that Settlement Date 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, 2004 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 as 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 (or, in the event that the Date of Liquidation is prior to the first Interest Payment Date in respect of such Stock, from (and including) the Date of Issue thereof) to (and including) the Date of Liquidation shall be calculated in accordance with paragraph 2(A) above as amended by sub-paragraph (vi) 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, 2004, which date of 31st December, 2004 shall be a Redemption Date, at the Capital Value thereof as at that Redemption Date. The interest payable in respect of the period from (but excluding) the Interest Payment Date in June 2004 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) (a) In the event that 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, then in either case the Company may elect either (1) to redeem the Stock in accordance with (b) of this sub-paragraph (ii) or (2) if the Company wishes to substitute another index for the Index, to convene a meeting of Stockholders at which will be proposed an Extraordinary Resolution for obtaining the assent of the Stockholders to such substitution and otherwise as provided in (c) of this sub-paragraph (ii).
- (b) In the event that the Company elects to redeem the Stock as provided in (a)(1) of this sub-paragraph (ii), the Company shall, subject to sub-paragraph (ix) of this paragraph 3(B), give notice in writing to the Stockholders on the earliest practicable date of its intention to redeem the Stock and shall redeem the whole, but not part only, of the Stock on the Settlement Date following the fortieth day after the date of such notice, which fortieth day shall be a Redemption Date.
- (c) In the event that the Company elects to convene such a meeting of Stockholders as is referred to in (a)(2) of this sub-paragraph (ii), such

meeting of Stockholders shall be convened by the Company as soon as practicable and in any event for a date not later than 60 days after the date of the discontinuance or fundamental change referred to in (a) of this sub-paragraph (ii), as the case may be, and at such meeting there shall be proposed 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 Trustee 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 sub-paragraph (ix) of this paragraph 3(B), redeem the whole, but not part only, of the Stock on the Settlement Date following the fortieth day after the date of the meeting or, in the event of such meeting being adjourned, the fortieth day 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.

- (d) Stock to be redeemed on a Redemption Date pursuant to this sub-paragraph (ii) shall be redeemed at the Capital Value thereof as at that Redemption Date together with interest accrued on the Stock to (and including) such Redemption Date, both calculated and payable in accordance with sub-paragraphs (vi) and (vii) of this paragraph 3(B).

*Company's right to redeem*

(iii) 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 (confirmed 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 (iii), the whole, but not part only, of the Stock at the Capital Value thereof as at that Redemption Date, together with interest accrued on the Stock to (and including) such Redemption Date calculated and payable in accordance with sub-paragraph (vi) of this paragraph 3(B). For the purpose of this sub-paragraph (iii), 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 Trustee) to the Stockholders of such Redemption Date and (2) such Redemption Date shall not be later than 18 months after the event giving rise to the right to redeem the Stock under this sub-paragraph (iii).

*Take-over offer*

- (iv) If any offer is made to all, or as nearly as may be practicable all, the holders of the ordinary shares in the capital of the Company (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 such 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 sub-paragraph (ix) of this paragraph 3(B), the Company shall within 14 days of its becoming so aware give notice of the fact in writing (in a form previously approved by the Trustee) to the Stockholders and shall redeem the whole, but not part only, of the Stock on the Settlement Date following the fortieth day after the date of such notice, which fortieth day shall be a Redemption Date, at the Capital Value thereof as at that Redemption Date, together with interest accrued on the Stock to (and including) such Redemption Date calculated and payable in accordance with sub-paragraph (vi) of this paragraph 3(B). For the purpose of this sub-paragraph (iv), 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 in the capital of the Company shall be deemed to be the making of an offer.

*Redemption following event of default*

- (v) 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 (v) at the Capital Value thereof as at that Redemption Date, together with interest accrued on the Stock to (and including) such Redemption Date calculated and payable in accordance with sub-paragraph (vi) of this paragraph 3(B). For the purpose of this sub-paragraph (v), the Redemption Date shall be the date on which the Trustee declares 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*

- (vi) 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 (vii) 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 (viii) 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.

*Calculation of Capital Value and interest on redemption following discontinuance of, or change in basis of calculation of, the Index*

- (vii) For the purpose of sub-paragraph (ii) of this paragraph 3(B), (a) the Capital Value of the Stock as at 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 (vi) 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*

- (viii) If any Stock that is due to be redeemed in accordance with the provisions of any of sub-paragraphs (i) to (v) 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 as at 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 Clydesdale Bank PLC.

*Provisions relating to conflicting Redemption Dates*

- (ix) No notice need be given to Stockholders in accordance with the provisions of sub-paragraph (ii) or (iv) of this paragraph 3(B) and no redemption of Stock need be effected under sub-paragraph (ii), (iv) or (v) of this paragraph 3(B) if the Redemption Date thereunder would be on or after 31st December, 2004 or on or after the Date of Liquidation (as referred to in paragraph 3(A) above) but (for the avoidance of doubt) the provisions of paragraph 3(A) or sub-paragraph (i) of this paragraph 3(B) (as the case may be) shall apply.
- (C) All payments of Capital Value on the Stock will be made subject to such deductions (if any) of any sum 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) (i) The Company or any Subsidiary will be entitled at any time to purchase Stock through the market at any price, provided that such price does not exceed five 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, but not otherwise. 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).
- (ii) Stock purchased by the Company or any Subsidiary may be re-issued or sold at such price or prices, being not less than the Capital Value thereof on the immediately preceding Compilation Day, as the Company or such Subsidiary may determine and such Stock may be kept alive for re-issue or sale or cancelled at any time.

**4. BORROWING LIMIT AND OTHER RESTRICTIONS**

- (A) The Company shall procure, for so long as any of the Stock remains outstanding, that the aggregate principal amount outstanding of all Borrowings (as defined below) by the Company and the Subsidiaries (together the "Group") (exclusive of Borrowings owing by one member of the Group to another member of the Group) shall not, immediately following the incurring of any Borrowing, exceed (a) until the date of publication of the first Balance Sheet (as defined below) an amount equal to one-half of the amount paid up or credited as paid up on the issued share capital of the Company, including any share premium account or capital redemption reserve of the Company but adjusted in respect of any variation in the paid up share capital, share premium account or capital redemption reserve of the Company and (b) thereafter an amount equal to one-half of the Adjusted Capital and Reserves (as defined below).
- (B) For the purposes of paragraph 4(A) above:
- (i) "Adjusted Capital and Reserves" means the aggregate, as at the date as at which the calculation of the same falls to be made, of:
- (a) the amount paid up or credited as paid up on the issued share capital of the Company; and

- (b) the amount standing to the credit of the reserves including any share premium account, capital redemption reserve, capital reserve and credit balance on revenue account (including unrealised appreciations in the value of any investments or other assets of the Group),

all as shown by the then latest Balance Sheet but after:

- (c) deducting from the aggregate any debit balance on revenue account or other reserve subsisting at the date of that Balance Sheet except to the extent that a deduction has already been made on that account; and
  - (d) making such adjustments as may be appropriate to reflect any variation in interests in Subsidiaries and in the amount of the paid up share capital, share premium account or capital redemption reserve since the date of that Balance Sheet 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 that the subscription thereof has been unconditionally underwritten or guaranteed and such subscription moneys and premium are payable not later than four months after the date as at which the Adjusted Capital and Reserves are being calculated;
- (ii) "Borrowings" include not only borrowings but also the following except in so far as otherwise taken into account:
- (a) the nominal amount of any issued share capital of and the principal amount of any debentures (within the meaning given to that expression by section 744 of the Act) of or moneys borrowed by any person, the beneficial interest in which is not for the time being owned by a member of the Group, and the payment or repayment of which is the subject of a guarantee or indemnity by a member of the Group;
  - (b) the outstanding amount raised by acceptances by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any member of the Group;
  - (c) the principal amount of any debenture (whether secured or unsecured) of a member of the Group owned otherwise than by a member of the Group;
  - (d) the principal amount of any preference share capital of any Subsidiary owned otherwise than by a member of the Group; and
  - (e) any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing (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 or repaid on the date as at which the amount of the Borrowings is being calculated);
- but do not include:
- (f) Borrowings incurred by any member of the Group for the purpose of repaying within six months thereafter the whole or any part of any Borrowings of that or any other member of the Group for the time being outstanding and required to be taken into account for the purposes of paragraph 4(A) above, pending their application for that purpose within that period; or
  - (g) Borrowings of a company which became a Subsidiary after the date as at which the last Balance Sheet was prepared, to the extent that the amount of those Borrowings does not exceed their amount immediately after it became a Subsidiary;
- (iii) when the aggregate principal amount of Borrowings required to be taken into account on any particular date is being ascertained, any particular Borrowing

then outstanding which is denominated or repayable in a currency other than sterling shall be notionally converted into sterling at the rate of exchange prevailing in London on the last business day before that date or, if it would result in a lower figure, at the rate of exchange prevailing in London on the last business day falling not less than six months before that date and so that for these purposes the rate of exchange shall be taken as the spot rate in London recommended by a London clearing bank, selected by the Directors, as being the most appropriate rate for the purchase by the Company of the currency in question for sterling on the day in question;

- (iv) where under the terms of any Borrowing the amount of money that would be required to discharge the principal amount of the Borrowing in full if it fell to be repaid by reason of an event of default on the date as at which the calculation is being made is less than the amount that would otherwise be taken into account in respect of that Borrowing, the amount of that Borrowing to be taken into account shall be the smaller amount;
  - (v) "Balance Sheet" means the audited balance sheet of the Company prepared for the purposes of the Companies Acts (as defined in the Trust Deed) as at the end of an accounting period unless an audited consolidated balance sheet dealing with the state of affairs of the Company and the Subsidiaries required to be dealt with in group accounts has been prepared for those purposes as at the end of the same accounting period, in which case it means that audited consolidated balance sheet, and in that case all references to reserves and revenue account shall be deemed to be references to consolidated reserves and consolidated revenue account respectively and any amounts attributable to outside interests in Subsidiaries shall be excluded;
  - (vi) the Company may from time to time change the accounting convention on which the Balance Sheet is based provided that any new convention adopted complies with the requirements of the Companies Acts then in force: if the Company should prepare its main audited balance sheet on the basis of one convention, but a supplementary audited balance sheet on the basis of another, the main audited balance sheet shall be taken as the Balance Sheet; and
  - (vii) a certificate or report by the Auditors as to the amount of the Adjusted Capital and Reserves or the amount of any Borrowings or to the effect that the limit imposed by paragraph 4(A) above has not been or will not be exceeded at any particular time or times shall, in the absence of manifest error, be conclusive evidence of that amount or of that fact.
- (C) So long as any part of the Stock remains outstanding, the Company and the Subsidiaries (if any) shall be investment companies whose businesses consist wholly or mainly of the making of investments and the principal part of whose income is derived therefrom, provided that the extension of such businesses 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 restrictions 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, to create and issue Further Stock to be identical in all respects (save, where applicable, as to the issue price and nominal value thereof and 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, as at the Compilation Day immediately preceding the Date of Issue of such Further Stock, the aggregate of the Capital Value of the Original Stock and any Further Stock previously issued and the aggregate issue price of the first-mentioned Further Stock shall exceed 25 per cent. of the Net Asset Value of the Company, and (for the



purpose of this paragraph 5(A)(i)) "Net Asset Value of the Company" shall mean the sum of (a) the value of the assets of the Company and (b) the aggregate issue price of any share capital of the Company to be in issue on such Date of Issue to the extent not taken into account in determining the value of the assets of the Company less (c) the aggregate of the liabilities (other than liabilities in respect of share capital) of the Company, all as at such day, not being more than two Dealing Days prior to such Date of Issue, as the Company may choose and calculated on the bases for the time being recommended by the Association of Investment Trust Companies, or on such other bases as the Company may with the approval of the Stockbrokers determine, except that liabilities in respect of Stock shall be calculated on the basis of its Capital Value;

- (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 Trustee in such form as the Trustee 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 to four decimal places (rounded, if necessary, with 0.00005 being rounded up).
- (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

- (A) The Stock will be registered and transferable in integral multiples of one Unit of Stock.
- (B) If it shall come to the notice of the Directors that any Stock:
- (i) is or may be owned or held directly or beneficially by any person or persons whose ownership or holding or continued ownership or holding of such Stock (whether on its own or in conjunction with any other circumstance appearing to the Directors to be relevant) might in the sole and conclusive determination of the Directors cause a pecuniary or tax disadvantage to the Company or any other Stockholder or any holder of other securities of the Company or cause or be likely to cause the assets of the Company to be considered "plan assets" within the meaning of regulations adopted under the United States Employee Retirement Income Security Act of 1974; or
  - (ii) is or may be owned or held directly or beneficially such that the aggregate number of United States Persons (as defined in the Trust Deed) who are holders or beneficial owners (which for these purposes shall include beneficial ownership by attribution pursuant to Section 3(c)(1)(A) of the United States Investment Company Act of 1940) of Stock, shares or other securities of the Company is or may be more than 75; or
  - (iii) is or may be owned or held directly or beneficially by any person to whom a transfer of Stock or whose ownership or holding of any Stock might in the opinion of the Directors require registration of the Company as an investment company under the United States Investment Company Act of 1940,

the Directors may serve a notice (hereinafter called a "Transfer Notice") upon the person (or any one of such persons where Stock is registered in joint names)

appearing in the register of Stockholders as the holder (the "Vendor") of the Stock or any of the Stock concerned (the "Relevant Stock") requiring the Vendor within 21 days (or such extended time as in all the circumstances the Directors shall consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Stock to another person who, in the sole and conclusive determination of the Directors, would not fall within sub-paragraph (i) or (iii) of this paragraph 6(B) and whose ownership or holding of such Stock would not result in the aggregate number of United States Persons who are beneficial owners or holders of Stock, shares or other securities of the Company being 75 or more (such a person being hereinafter called an "Eligible Transferee"). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Stock to which it relates pursuant to the provisions of this paragraph 6(B) or paragraph 6(C), the rights and privileges attaching to the Relevant Stock shall be suspended and not capable of exercise.

- (C) If within 21 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Directors shall consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Directors, the Company may sell the Relevant Stock on behalf of the holder or holders thereof by instructing a member of the London Stock Exchange to sell it in accordance with the best practice then obtaining to any Eligible Transferee or Eligible Transferees. For this purpose the Directors may authorise in writing any officer or employee of the Company to execute on behalf of the holder or holders of the Relevant Stock a transfer of the Relevant Stock to the purchaser or purchasers and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Stock. The purchaser will not be bound to see to the application of the purchase moneys nor will his title to the Relevant Stock be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale of the Relevant Stock shall be received by the Company, whose receipt shall be a good discharge for the purchase moneys, and will belong to the Company and, upon their receipt, the Company will become indebted to the former holder of, or person entitled by transmission to, the Relevant Stock for an amount equal to the net proceeds of transfer upon surrender by him or them of the certificate for the Relevant Stock which the Vendor shall forthwith be obliged to deliver to the Company. No trust will be created in respect of the debt and no interest will be payable in respect of it and the Company will not be required to account for any moneys earned from the net proceeds of transfer which may be employed in the business of the Company or as it thinks fit. The Company may register the transferee or transferees as holder or holders of the Relevant Stock and issue to him or them a certificate for the same and thereupon the transferee or transferees shall become absolutely entitled thereto.
- (D) A person who becomes aware that he falls within either sub-paragraph 6(B)(i) or (iii) above or, being a United States Person and a beneficial owner or holder of Stock, becomes aware that the aggregate number of United States Persons who are beneficial owners or holders of Stock, shares or other securities of the Company is more than 75 shall forthwith, unless he has already received a Transfer Notice pursuant to paragraph 6(B) above either transfer the Relevant Stock to an Eligible Transferee or Eligible Transferees or give a request in writing to the Directors for the issue of a Transfer Notice in accordance with paragraph 6(B) above. Every such request shall be accompanied by the certificate or certificates for the Stock to which it relates.
- (E) Subject to the provisions of this paragraph 6, the Directors shall, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the Stock is held in such a way as to entitle the Directors to serve a Transfer Notice in respect thereof. The Directors may, however, at any time and from time to time call upon any holder (or any one of joint holders) of Stock by notice in writing to provide such information and evidence as they shall require upon any matter connected with or in relation to such Stockholder. In the event

of such information and evidence not being so provided within such reasonable period (not being less than 21 days after service of the notice requiring the same) as may be specified by the Directors in the said notice, the Directors may, in their absolute discretion, treat any Stock held by such a holder or joint holder as being held in such a way as to entitle them to serve a Transfer Notice in respect thereof.

- (F) The Directors shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this paragraph 6. The exercise of the powers conferred by paragraph 6(B) and/or 6(C) and/or 6(E) above shall not be questioned or invalidated in any case on the ground that there was insufficient evidence of direct or beneficial ownership or holding of Stock by any person or that the true direct or beneficial owner or holder of any Stock was otherwise than as appeared to the Directors at the relevant date provided that the said powers shall have been exercised in good faith.

## 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 Trustee will have power, without the consent of the Stockholders, to concur with the Company in making any modification to the Trust Deed provided that the Trustee shall be of the opinion that such modification will not be materially prejudicial to the interests of the Stockholders or is of a formal, minor or technical nature or is to correct a manifest error.
- (B) The Trustee may whenever it thinks fit unless otherwise previously directed by an Extraordinary Resolution:
- (i) authorise or waive on such terms and subject to such conditions as to it 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 Trustee in respect of any subsequent breach thereof; and
  - (ii) determine on such terms and subject to such conditions as to it 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 Trustee 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 represented 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. TRUSTEE'S INDEMNITY AND CONSENTS

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

## 10. OTHER INFORMATION

- (A) The Trustee is Sun Alliance Trust Company Limited, which is a trust corporation. Its principal office is at 40 Chancery Lane, London WC2A 1JN. Under the terms of the Trust Deed, the Trustee will be entitled to retire at any time on giving not less than 90 days' written notice to the Company. The Company has power to appoint new trustees under the Trust Deed but no trustee shall be appointed who shall not previously have been approved by an Extraordinary Resolution. If the Company receives a written notice of retirement from the Trustee 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 new trustees.
- (B) The Trust Deed will not provide for prescription periods on claims to interest and repayment of principal in respect of the Stock.
- (C) The Stock is unsecured and the remedies available to the Trustee 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.
- (F) The Trust Deed will not contain any provisions (i) precluding the Company and the Subsidiaries from disposing of any assets 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 provisions relating to the borrowing limit contained in paragraphs 4(A) and 4(B) above reflect the similar provisions in the Articles of Association of the Company except that the restriction on the amount of Borrowings 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.
- (G) The FT-SE ACTUARIES ALL-SHARE INDEX ("the Index" which includes its underlying constituents and associated statistical data) is owned by The Financial Times Limited and compiled by The Financial Times Limited in conjunction with The Institute of Actuaries and The Faculty of Actuaries (together "the Actuaries") under a standard set of ground rules.
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# *Fidelity Special Values PLC*

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## **PART IV**

### **General information**

#### **1. INCORPORATION AND ADMINISTRATION**

- (i) The Company was incorporated in England and Wales as a public limited company on 27th September, 1994 under the Act, with the name Fidelity Special Values PLC and with registered number 2972628.

The following is the text of a report from Coopers & Lybrand, the auditors of the Company.

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

S.G. Warburg Securities Ltd.  
1 Finsbury Avenue  
London EC2M 2PA

The Directors  
Fidelity Investments International  
Oakhill House  
130 Tonbridge Road  
Hildenborough  
Tonbridge  
Kent TN11 9DZ

19th October, 1994

Dear Sirs,

#### **Fidelity Special Values PLC**

Fidelity Special Values PLC ("the Company") was incorporated on 27th September, 1994. The Company has not yet commenced business and accordingly no accounts have been made up for presentation to its members and no dividends have been declared or paid.

Yours faithfully,  
Coopers & Lybrand  
Chartered Accountants"

On 13th October, 1994 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.

- (ii) The principal place of business and registered office of the Company is at Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ.
- (iii) The Company has no, and has not had any, subsidiaries or employees. Save as set out in paragraphs 2, 5 and 6 of this Part IV, there has been no significant change in the financial or trading position of the Company since the date of its incorporation.
- (iv) Coopers & Lybrand 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. SHARE CAPITAL**

- (i) The Company was incorporated with an authorised share capital of £50,000 divided into 200,000 shares of 25p each, of which two shares were issued to the subscribers to the Memorandum of Association.

- (ii) On 10th October, 1994 the two subscriber shares were transferred to the Manager and a nominee for the Manager. On 10th October, 1994 the Manager 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 19th December, 1994 whereupon the Manager shall make a part payment of 7p in cash for each Ordinary Share on or before 31st March, 1995. These Ordinary Shares and the two Ordinary Shares of 25p each referred to above and held by or on behalf of the Manager are included in the Issue.
- (iii) At an extraordinary general meeting of the Company held on 18th October, 1994 it was resolved to increase the capital of the Company to £40,000,000 divided into 160,000,000 Ordinary Shares of 25p each and to grant to the Directors the necessary authorities pursuant to sections 80 and 89 of the Act to allot Ordinary Shares (with Warrants attached) pursuant to the Issue. It was also resolved to adopt new Articles of Association. At the same extraordinary general meeting it was resolved:
  - (a) to authorise the Directors to allot relevant securities (as defined in section 80 of the Act) up to an aggregate nominal amount equal to the lesser of £8,333,333 and one-third of the aggregate nominal amount of the issued share capital of the Company following the completion of the Issue, such authority to expire at the conclusion of the first annual general meeting of the Company; and
  - (b) to authorise the Directors, pursuant to section 95 of the Act, to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority referred to in sub-paragraph (a) above as if section 89(1) of the Act did not apply to the allotment, but such power was limited to the allotment of equity securities in connection with a rights issue and the allotment (otherwise than pursuant to a rights issue) of equity securities up to an aggregate nominal amount equal to the lesser of £1,250,000 and five per cent. of the aggregate nominal amount of the issued share capital of the Company following the completion of the Issue.
- (iv) Save for the Warrants and as referred to in paragraph 5 of this Part IV, no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.
- (v) 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 after the completion of the Issue except to the extent disapplied as mentioned in paragraph 2(ii) above.
- (vi) Save as disclosed in paragraphs 2 and 5 of this Part IV 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.
- (vii) No application is being made for the Ordinary Shares, the Warrants or the Stock to be listed or dealt in on any stock exchange or investment exchange other than the London Stock Exchange.
- (viii) Save in connection with the Issue or as envisaged in the final paragraph of this paragraph 2, no material issue of shares (other than to Shareholders *pro rata* to existing holdings or pursuant to the exercise of the Warrants) will be made within one year of the date hereof without the prior approval of Shareholders in general meeting.
- (ix) The Ordinary Shares, the Warrants and the Stock will be in registered form.

- (x) Assuming full subscription under the Issue, the issued share capital of the Company will be £25,000,000 divided into 100,000,000 Ordinary Shares of 25p each. There will remain authorised but unissued £15,000,000 divided into 60,000,000 Ordinary Shares of 25p each, of which 20,000,000 Ordinary Shares will be reserved for issue upon exercise of the Warrants.

The authorities referred to in (iii) above will provide the Directors with the flexibility to issue further Ordinary Shares if they deem it appropriate to do so. The authority to issue Ordinary Shares for cash will enable the Directors to issue additional new Ordinary Shares to participants in the Fidelity Investment Trust Plan in the event that the Ordinary Shares are trading at a premium to their net asset value. The Directors would not intend to use this power unless such premium were in excess of 2 per cent. and unless they considered that it was in the interest of Shareholders to do so. The Directors would not issue Ordinary Shares pursuant to this power at less than the then current net asset value per share.

### 3. DIRECTORS' AND OTHER INTERESTS

- (i) No Director has an interest, beneficial or otherwise, in the capital of the Company which is required to be notified to the Company pursuant to sections 324 and 328 of the Act or required to be entered in the register of Directors' interests maintained under section 325 of the Act. No other persons connected (within the meaning of section 346 of the Act) with the Directors have any interest in the capital of the Company. The following Directors, including their families and connected persons, have, however, indicated that they intend to apply in the Share Offer for Subscription for the number of Ordinary Shares and Warrants set out below, and it is intended that these applications will be accepted in full by the Company:

Name	Number of Ordinary Shares	Number of Warrants
Alex Hammond-Chambers	5,000	1,000
Douglas Kinloch Anderson	5,000	1,000
Barry Bateman	6,000	1,200
David Brooke	10,000	2,000
James Laurenson	10,000	2,000

- (ii) Barry Bateman is President of, and a shareholder in, Fidelity International Limited, the ultimate holding company of the Manager, and is a director of the Manager.
- (iii) (a) The total emoluments receivable by the Directors and payable by the Company in respect of the accounting period of the Company ending on 31st August, 1995 are not expected to exceed £35,000. Barry Bateman has agreed to waive any fees from the Company to which he would otherwise be entitled.
- (b) There are no service contracts in existence between the Company and any of the Directors, nor are any proposed.
- (iv) No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.
- (v) The Manager will receive from the Company a management and secretarial fee pursuant to the Management Agreement referred to in paragraph 6(i) of this Part IV, a fee for services in connection with the Issue pursuant to the Services Agreement referred to in paragraph 6(iii) of this Part IV and fees in relation to the operation of the Fidelity Investment Trust Plan and may receive commissions as described in paragraph 9(v) of this Part IV.
- (vi) Save as disclosed in paragraphs 3(ii) and (v) 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.



- (vii) Fidelity International Limited, either directly or through subsidiaries, intends to subscribe for 1,000,000 Ordinary Shares in the Share Placing. Members of the Fidelity International Limited group may also apply for Ordinary Shares (with Warrants attached) and/or for Stock in the Issue on behalf of discretionary clients.
- (viii) Save as disclosed in paragraph (vii) above, the Directors are not currently aware of any persons who immediately following the Issue 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. The Directors are not aware of any other persons who could, directly or indirectly, jointly or severally, exercise control over the Company.

#### 4. MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum of Association of the Company provides that the Company's principal object is to undertake and carry on the business of an investment trust company. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association which is available for inspection at the addresses set out in paragraph 10 below.

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

(a) *Voting rights*

- (i) Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles, every member present in person at a general meeting shall have one vote on a show of hands, and on a poll every member present in person or by proxy shall have one vote for every 25p nominal amount of share capital of which he is the holder.
- (ii) No member shall, unless the Board decides otherwise, be entitled to vote at any general meeting of the Company or any separate meeting of the holders of any class of shares of the Company if any call or other sum presently payable by him in respect of those shares remains unpaid or if he has been served with a restriction notice after failure to provide the Company with information concerning interests in those shares required to be provided under a statutory notice.

(b) *Variation of rights and changes in capital*

- (i) Subject to the provisions of the Act, all or any of the rights for the time being attached to any class of shares may (unless otherwise provided by the terms of the issue of the shares of that class) be varied or abrogated with the consent in writing of the holders of not less than three-fourths in nominal 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. The quorum requirement for such a separate general meeting is a person or persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class.
- (ii) The Company may by ordinary resolution:
  - (a) increase its authorised share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe;
  - (b) consolidate and divide its share capital into shares of a larger amount;
  - (c) subject to the provisions of the Act, sub-divide its share capital into shares of a smaller amount; and
  - (d) cancel any shares which have not been taken or agreed to be taken by any person and diminish its authorised share capital by the amount of the shares so cancelled.

Subject to confirmation by the Court, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

- (iii) Subject to the provisions of the Act, the Company may purchase shares comprising all or any of the classes of its share capital then in issue, including redeemable shares.

(c) *Dividends and other distributions*

- (i) The Company in general meeting may from time to time declare dividends, but no such dividends shall be payable otherwise than in accordance with the Act or in excess of the amount recommended by the Board. Payment of dividends to the members shall be in accordance with their rights and interests in the profits available for distribution. Dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the financial position of the Company and the Board may also pay any dividends payable at a fixed rate at intervals settled by the Board whenever the financial position of the Company, in the opinion of the Board, justifies its payment.
- (ii) The Board may withhold payment of all or any part of any dividends or other moneys payable in respect of the Company's shares from a person with a 0.25 per cent. interest (as defined in the Articles) in those shares or any class thereof if such a person has been served with a restriction notice after failure to provide the Company with information concerning interests in those shares required to be provided under a statutory notice.
- (iii) Capital profits and surpluses arising from the realisation of investments will not be available for dividend or distribution.
- (iv) Any dividend unclaimed after a period of 12 years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

(d) *Capital reserves*

All capital profits arising on the sale or realisation of investments and other capital assets in excess of the book value thereof and all other capital profits and unrealised appreciation of investments or other assets representing or in the nature of accretion to capital assets will be credited to a capital reserve to be maintained by the Company. Any loss resulting from any such dealing as aforesaid and any provisions in respect of the diminution in value or depreciation in value of capital assets will be debited to such capital reserve except in so far as the Directors otherwise decide. All sums carried and standing to the credit of the capital reserve may be applied for any of the purposes to which sums standing to any revenue reserve are applicable except and provided that no part of the capital reserve or any other moneys in the nature of accretion to capital may be transferred to revenue account or be regarded as or treated as profits of the Company available for distribution or be applied in paying dividends.

(e) *Transfer of shares*

The Ordinary Shares are in registered form and may be transferred by instrument in writing in any usual form, or in any other form which the Directors may approve. The instrument of transfer must be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor is deemed to remain the holder until the transferee's name is entered in the register. The Board may in its absolute discretion and without specifying any reason refuse to register any transfer of shares which are not fully-paid. The Board

may also refuse to register any transfer of shares unless the instrument of transfer is duly stamped and lodged with the Company accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the intending transferor to make such transfer. The Board may also decline to register any transfer if the instrument of transfer is in respect of more than one class of share or, in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred exceeds four.

The Board may decline to register a transfer of the Company's shares by a person with a 0.25 per cent. interest (as defined in the Articles) in those shares or any class thereof if such a person has been served with a restriction notice after a failure to provide the Company with information concerning interests in those shares required to be provided under a statutory notice unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the Articles).

(f) *Compulsory transfer of shares*

- (i) If it shall come to the notice of the Directors that any share or shares:
- (a) are or may be owned or held directly or beneficially by any person or persons whose ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstances appearing to the Directors to be relevant) might in the sole and conclusive determination of the Directors cause a pecuniary or tax disadvantage to the Company or any other holder of shares or other securities of the Company or cause or be likely to cause the assets of the Company to be considered "plan assets" within the meaning of regulations adopted under the United States Employee Retirement Income Security Act of 1974; or
  - (b) are or may be owned or held directly or beneficially such that the aggregate number of United States Persons (as defined in the Articles) who are holders or beneficial owners (which for these purposes shall include beneficial ownership by attribution pursuant to Section 3(c)(1)(A) of the United States Investment Company Act of 1940) of shares or other securities of the Company is or may be more than 75; or
  - (c) are or may be owned or held directly or beneficially by any person to whom a transfer of shares or whose ownership or holding of any shares might in the opinion of the Directors require registration of the Company as an investment company under the United States Investment Company Act of 1940,

the Directors may serve a notice (hereinafter called a "Transfer Notice") upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the "Vendor") of the share, shares or any of the shares concerned (the "Relevant Shares") requiring the Vendor within 21 days (or such extended time as in all the circumstances the Directors shall consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of the Directors, would not fall within (a) or (c) above and whose ownership or holding of such share or shares would not result in the aggregate number of United States Persons who are beneficial owners or holders of shares or other securities of the Company being 75 or more (such a person being hereinafter called an "Eligible Transferee"). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions of this sub-paragraph (i) or sub-paragraph (ii) of this article, the rights and privileges attaching to the Relevant Shares shall be suspended and not capable of exercise.

- (ii) If within 21 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Directors shall consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Directors, the Company may sell the Relevant Shares on behalf of the holder or holders thereof by instructing a member of the London Stock Exchange to sell them in accordance with the best practice then obtaining to any Eligible Transferee or Eligible Transferees. For this purpose the Directors may authorise in writing any officer or employee of the Company to execute on behalf of the holder or holders of the Relevant Shares a transfer of the Relevant Shares to the purchaser or purchasers and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. The purchaser will not be bound to see to the application of the purchase moneys nor will his title to the Relevant Shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale of the Relevant Shares shall be received by the Company, whose receipt shall be a good discharge for the purchase moneys, and will belong to the Company and, upon their receipt, the Company will become indebted to the former holder of, or person entitled by transmission to, the Relevant Shares for an amount equal to the net proceeds of transfer upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to the Company. No trust will be created in respect of the debt and no interest will be payable in respect of it and the Company will not be required to account for any moneys earned from the net proceeds of transfer which may be employed in the business of the Company or as it thinks fit. The Company may register the transferee or transferees as holder or holders of the Relevant Shares and issue to him or them a certificate for the same, and thereupon the transferee or transferees shall become absolutely entitled thereto.
- (iii) A person who becomes aware that he falls within either sub-paragraph (i) (a) or (c) above or, being a United States Person and a beneficial owner or holder of shares, becomes aware that the aggregate number of United States Persons who are beneficial owners or holders of shares or other securities of the Company is more than 75, shall forthwith, unless he has already received a Transfer Notice pursuant to sub-paragraph (i) above either transfer the Relevant Shares to an Eligible Transferee or Eligible Transferees or give a request in writing to the Directors for the issue of a Transfer Notice in accordance with sub-paragraph (i) above. Every such request shall be accompanied by the certificate or certificates for the shares to which it relates.
- (iv) Subject to the provisions of the Articles, the Directors shall, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the Directors to serve a Transfer Notice in respect thereof. The Directors may, however, at any time and from time to time call upon any holder (or any one of joint holders) of shares by notice in writing to provide such information and evidence as they shall require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 21 days after service of the notice requiring the same) as may be specified by the Directors in the said notice, the Directors may, in their absolute discretion, treat any share held by such a holder or joint holders as being held in such a way as to entitle them to serve a Transfer Notice in respect thereof.
- (v) The Directors shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions. The exercise of the powers conferred by sub-paragraph (i) and/or (ii) and/or (iv) above shall not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or beneficial ownership or holding of shares by any person or that the true direct or beneficial owner



or holder of any shares was otherwise than as appeared to the Directors at the relevant date provided that the said powers shall have been exercised in good faith.

(g) *Duration and winding-up*

- (i) The Board shall submit an ordinary resolution to the annual general meeting of the Company falling in 2004 and, if passed, at every fifth subsequent annual general meeting, proposing that the Company should continue as an investment trust for a further five year period. If any such resolution is not passed, the Board shall draw up proposals for the voluntary liquidation, unitisation or other reorganisation of the Company for submission to the members of the Company at an extraordinary general meeting to be convened by the Board for a date not more than three months after such annual general meeting. Implementation of the proposals will require approval of members by special resolution.
- (ii) As the Company has only one class of shares, the holders of its shares will under general law be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings. On a winding-up the liquidator may, with the sanction of a special resolution of the Company, divide among the members *in specie* the whole or any part of the assets of the Company.

(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, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Directors must 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 so as to secure that the aggregate principal amount from time to time outstanding of all borrowings (as defined in the Articles) by the Company and its subsidiary undertakings (exclusive of borrowings intra-group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the adjusted capital and reserves (as defined in the Articles) of the Company.

(i) *Directors*

(i) *Appointment of Directors*

Directors may be appointed by the Company by ordinary resolution or by the Directors. A Director appointed by the Directors will hold office only until the next following annual general meeting and will not be taken into account in determining the Directors who are to retire by rotation at that meeting.

(ii) *Age of Directors*

No person is disqualified from being a Director or is required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age, nor is it necessary to give special notice of a resolution appointing or approving the appointment of such a Director. However, where the Directors convene any general meeting at which, to the knowledge of the Directors, a Director who is over the age of 70 will be proposed for appointment or re-appointment, the Directors will give notice of his age in the documents convening the meeting.

(iii) *Remuneration of Directors*

Each of the Directors shall be paid a fee at such rate as may be determined by the Directors provided that the total fees paid to the Directors (excluding amounts payable under other provisions of the Articles) shall not exceed

£60,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the Company. Each Director may also be paid reasonable travelling, hotel and incidental expenses of attending meetings of the Directors, of committees of the Directors or general meetings of the Company or any other meeting which as a Director he is entitled to attend and shall be paid all expenses incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director.

Any Director who by request goes or resides abroad for any purpose of the Company or performs services beyond the ordinary duties of a Director may be paid such extra remuneration as the Directors may determine in addition to any other remuneration from the Company.

(iv) Executive Directors

The Directors may from time to time appoint one or more of its body to hold any employment or executive office with the Company (including that of Managing Director) for such period (subject to the provisions of the Act) and upon such other terms as the Board may decide and may revoke or terminate any appointment so made. A Director so appointed shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Directors may decide either in addition to or in lieu of his remuneration as a Director.

(v) Retirement of Directors by rotation

At every annual general meeting of the Company, as nearly as possible one-third of the Directors will retire by rotation and be eligible for re-election. The Directors to retire will be those who have been longest in office or, in the case of those who were appointed or re-appointed on the same day, will be (unless they otherwise agree) determined by lot.

(vi) Restrictions on voting

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Directors concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, to any office or place of profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment, or other settlement or variation of the terms or the termination of the appointment, of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in that case each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns his own appointment, or the settlement or variation of the terms or the termination of his own appointment, or the appointment of another Director to an office or place of profit with a company in which the Company is interested and the Director seeking to vote or to be counted in the quorum owns one per cent. or more of it.

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Directors in respect of any contract in which he has an interest which (taken with any interest of any person connected with him) is a material interest and, if he shall do so, his vote shall not be counted, but this prohibition shall not apply to any resolution concerning any of the following matters:

- (a) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

- (c) where the Company or any of its subsidiaries is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- (d) any contract in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or any of its subsidiaries or by reason of any other interest in or through the Company or any of its subsidiaries;
- (e) any contract concerning any other company (not being a company in which the director owns one per cent. or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
- (f) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors and employees of the Company or any of its subsidiaries and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;
- (g) any contract for the benefit of employees of the Company or of any of its subsidiaries under which he 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 the contract relates; or
- (h) any contract for the purchase or maintenance for any Director or Directors of insurance against any liability.

Subject to the provisions of the Act, the Company may by ordinary resolution suspend or relax the above provisions to any extent or ratify any contract not properly authorised by reason of a contravention of such provisions.

(vii) *Directors' shareholdings*

There is no qualification fixed by the Articles for a Director to hold any shares in the Company.

(j) *Indemnity of officers*

Subject to the provisions of the Act, the Company may purchase and maintain, for any Director or other officer or auditor, insurance against any liability.

Every Director or other officer shall be indemnified, and if the Directors so determine an auditor may be indemnified, out of the assets of the Company against any liability incurred as a director or other officer, or as auditor, in defending any proceedings (whether civil or criminal) in which judgment is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted to him by the Court.

(k) *Untraced shareholders*

The Company may sell any shares in the Company after advertising its intention and waiting for 3 months and notifying the London Stock Exchange of its intention to sell if the shares have been in issue for at least 12 years and during that period at least three cash dividends have become payable on them and have not been claimed or satisfied and, so far as any Director is aware, the Company has not received any communication during the relevant period from the holder of the shares or any person entitled to them by transmission. Upon any such sale, the Company will become indebted to the former holder of the shares or the person entitled to them by transmission for an amount equal to the net proceeds of sale.

(l) *Record date for service*

Any document may be served by the Company by reference to the register as it stands at any time not more than 15 days before the date of delivery and no change

in the register after that time shall invalidate that service. Where any document is served on any person in respect of a share, no person deriving any title or interest in that share shall be entitled to any further service of that document.

(m) *Members resident abroad*

Members with registered addresses outside the United Kingdom are not entitled to receive notices from the company unless they have given the Company an address within the United Kingdom at which such notices may be served.

**5. OFFER ARRANGEMENTS**

- (a) By a Placing and Offers for Subscription Agreement (the "Offer Agreement") dated 19th October, 1994 between the Company (1), the Manager (2) and S.G. Warburg Securities Ltd. (3), S.G. Warburg Securities Ltd. has undertaken as agent for the Company (i) to use its reasonable endeavours to procure subscribers in the Share Placing and Stock Placing for up to 15 million Ordinary Shares (with Warrants attached) at 100p per Ordinary Share and up to £3,581,250 of Stock, (ii) to make the Offers for Subscription and (iii) to the extent that applications for Stock accepted under the Stock Offer for Subscription and Stock Placing amount to less than 25 per cent. of the net proceeds of the issue of the Ordinary Shares (with Warrants attached) pursuant to the Share Placing and the Share Offer for Subscription by the time of the closing of the Offers for Subscription, to subscribe itself for units of Stock immediately following the closing of the Offers for Subscription up to an aggregate amount (including applications accepted under the Stock Offer for Subscription and Stock Placing) equal to 25 per cent. of the net proceeds of the issue of the Ordinary Shares (with Warrants attached). The Offer Agreement is subject, *inter alia*, to the London Stock Exchange admitting the Ordinary Shares, the Warrants and the Stock to the Official List by 17th November, 1994, or such later date, not being later than 2nd December, 1994, as shall be agreed between the Company and S.G. Warburg Securities Ltd.
- (b) Under the Offer Agreement, the Company will pay to S.G. Warburg Securities Ltd. a commission of between  $\frac{1}{4}$  per cent. and  $1\frac{1}{4}$  per cent. of the gross proceeds of the Share Placing and Share Offer for Subscription (depending on the amount of such proceeds), a commission of  $\frac{1}{4}$  per cent. on the maximum amount of Stock which may be issued, a commission of  $\frac{1}{4}$  per cent. on the amount of Stock for which it procures subscribers in the Stock Placing and a commission of  $\frac{1}{4}$  per cent. (or, if the nominal amount of such Stock exceeds £12.5 million, 1 per cent.) on the amount of Stock for which it itself subscribes following the closing of the Offers for Subscription. The Company will bear all other costs and expenses of or incidental to the Offer, including certain expenses of S.G. Warburg Securities Ltd., and commissions of 3 per cent. to placees in the Share Placing and pursuant to successful applications for Ordinary Shares under the Share Offer for Subscription which bear the stamp of authorised financial intermediaries.
- (c) Under the Offer Agreement, which may be terminated by S.G. Warburg Securities Ltd. in certain circumstances prior to admission of the Ordinary Shares, the Warrants and the Stock to the Official List becoming effective, certain warranties and indemnities have been given to S.G. Warburg Securities Ltd. by the Company and the Manager.



## 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 19th October, 1994 between the Company (1) and the Manager (2), under which the Manager has agreed to provide investment management, administrative and secretarial services to the Company for a fee of an amount equal to 0.95 per cent. per annum (plus VAT) of the Company's total asset value (as defined in the Management Agreement, which excludes investments in other funds managed by the Manager) payable quarterly in arrear and calculated as of the last business day of March, June, September and December in each year.

The Management Agreement will continue unless and until terminated by either party giving to the other on or after 19th October, 1996 not less than 12 months' notice to expire at the end of any calendar month. The Management Agreement may, however, be terminated without compensation if the Company is liquidated in 2004, or in any subsequent year thereafter, pursuant to the procedures laid down in the Articles of Association of the Company. The Management Agreement may also be terminated forthwith as a result of a material breach of the agreement or on the insolvency of the Manager or the Company. In addition, the Company may terminate the agreement by two months' notice if the Manager ceases to be a subsidiary of Fidelity International Limited;

- (ii) an agreement dated 19th October, 1994 between the Company and the Manager, under which the Manager has agreed to include the Company in the Fidelity Investment Trust Plan, to market such plan and to meet the costs of administering such plan in respect of the period ending on 31st March, 1995, and the Company has agreed to pay to the Manager a fee of £12,500 (plus VAT);
- (iii) a letter of agreement (the "Services Agreement") dated 19th October, 1994 between the Company and the Manager, under which the Manager has agreed to supply certain services in connection with the Issue (including services in promoting the Issue) and the Manager has agreed to pay to the Company, in the event that the expenses of the Issue (including preliminary expenses and irrecoverable VAT) exceed 4.5 per cent. of the gross proceeds of the Share Offer for Subscription and the Share Placing, an amount, exclusive of VAT, equal to the excess over such 4.5 per cent. and the Company has agreed to pay to the Manager, if the expenses of the Issue (including preliminary expenses and irrecoverable VAT) are less than 4.5 per cent. of such gross proceeds, a fee (inclusive of irrecoverable VAT) equal to the difference;
- (iv) a custodian agreement dated 19th October, 1994 between the Company and Clydesdale Bank PLC, under which Clydesdale Bank PLC has agreed to act as custodian of the assets of the Company for a fee equal to 0.015 per cent. per annum of the value of the assets of the Company, plus transaction charges, (plus VAT); the agreement may be terminated by either party giving to the other not less than 60 days' notice; and
- (v) the Offer Agreement referred to in paragraph 5 of this Part IV.

## 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 Index-Linked Loan Stock 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 chargeable 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 to the extent that it does not consist of franked investment income or foreign income dividends received from UK companies. 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 ("ACT") in respect of its own dividends. However, from time to time the Directors may consider that it is appropriate for the Company to elect that a particular dividend paid by it is treated as a foreign income dividend. The payment of such a dividend may allow the Company to claim a repayment of a portion of the ACT paid in respect of that dividend which the Company is not able to offset against its liability to mainstream corporation tax.

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 Offers.

(ii) *Shareholders and Warrantholders*

(a) *Capital gains*

Shareholders or Warrantholders resident or ordinarily resident in the United Kingdom for taxation purposes 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 Taxation of Chargeable Gains Act 1992 (which includes disposal upon a winding-up) of their Ordinary Shares or Warrants.

Shareholders or Warrantholders 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 unless those Ordinary Shares or Warrants are held through a United Kingdom branch or agency 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 Offers 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 August, 1995;
- (2) the Warrants will not constitute "wasting assets" for the purposes of the Taxation of Chargeable Gains Act 1992 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 Taxation of Chargeable Gains Act 1992; and
- (3) a Warrantholder who exercises the subscription rights conferred by the Warrants will not thereby be treated as disposing of the Warrants for the

purposes of the Taxation of Chargeable Gains Act 1992, 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 (other than Foreign Income Dividends)

Under current United Kingdom taxation legislation, no withholding tax will be deducted from dividends paid by the Company.

The Company is, however, liable to account to the Inland Revenue for ACT in respect of any dividend paid of an amount equal to 20 per cent. of the sum of the cash dividend and the related ACT.

Dividends and the related tax credit received by a corporate shareholder will generally be treated as franked investment income.

An individual Shareholder receiving a dividend who is resident in the United Kingdom for tax purposes will be entitled to a tax credit equal to 20 per cent. of the sum of the cash dividend and the tax credit. An individual will be liable to income tax on the total of the dividend and tax credit. However, an individual who is only liable to lower or basic rate income tax (on the total of the dividend and tax credit) will have no further income tax to pay. An individual who is subject to the higher rate of income tax on all or part of the dividend and tax credit will be liable to pay an amount of income tax representing the excess of income tax at the higher rate over the lower rate. If an individual Shareholder is not liable to tax or receives dividends which, because of personal allowances or other deductions, are only partially taxable, the tax credit may be repaid, in whole or in part, by the Inland Revenue.

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.

(c) Foreign Income Dividends

Under current United Kingdom taxation legislation, no withholding tax will be deducted from foreign income dividends paid by the Company.

The Company is, however, liable to account to the Inland Revenue for ACT when a foreign income dividend is paid of an amount equal to 20 per cent. of the sum of the foreign income dividend and the ACT. This ACT may be wholly or partly repayable to the Company in certain circumstances.

An individual shareholder receiving a foreign income dividend who is resident in the United Kingdom for tax purposes will be liable to income tax on an amount equal to the foreign income dividend grossed up by the lower rate of income tax. An individual who is only liable to lower or basic rate income tax will have no further income tax to pay. An individual who is subject to income tax at the higher rate of tax on all or part of the grossed up amount will be liable to pay a sum of income tax representing the excess of income tax at the higher rate over the lower rate. No tax credit arises from the receipt of a foreign income dividend that is available for repayment to any individual including individuals not liable to tax.

Any person who is not resident in the United Kingdom should consult his own tax adviser concerning his tax liability in respect of foreign income dividends received.

(iii) *Index-Linked Loan Stock*

The Directors have been advised that the Index-Linked Loan Stock should represent both a qualifying indexed security (within the meaning of paragraph 2 of Schedule 11 to the Finance Act 1989) and a qualifying corporate bond (within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992) for United Kingdom tax purposes. Accordingly, for taxpayers other than those who hold the Stock at the time of disposal as a trading asset, any excess of proceeds on redemption or earlier disposal over original cost would not be taxable and any shortfall of proceeds over original cost on redemption or earlier disposal would not be an allowable loss. Interest payments will be made net of sums representing United Kingdom income tax at the basic rate unless the Company has previously been directed by the Inland Revenue, in relation to a particular holding of the Index-Linked Loan Stock, to make payment free of deduction or subject to a reduced deduction by virtue of relief available to the holder under the provisions of an applicable double taxation treaty. Such a direction will be issued only on prior application to the Commissioners of Inland Revenue by the holder in question.

Holders of Index-Linked Loan Stock may, depending upon their circumstances, either be liable to pay further tax on interest received or be entitled to a refund of all or part of the tax deducted by the Company when paying such interest.

It is likely that the Index-Linked Loan Stock will be treated as bearing interest at a variable rate for the purposes of the accrued income scheme, so that the amount of accrued income deemed under the scheme to be received by a holder upon the transfer or redemption of Index-Linked Loan Stock will be such amount as the Inland Revenue decides is just and reasonable and the purchaser of Index-Linked Loan Stock will not be entitled to any equivalent credit under the scheme to set against any deemed or actual interest in respect of the Stock. Generally, persons who are neither resident nor ordinarily resident in the United Kingdom and dealers in securities will not be subject to the provisions of the scheme.

(iv) *Stamp Duty and Stamp Duty Reserve Tax*

The Directors have been advised that:

- (a) no United Kingdom stamp duty or stamp duty reserve tax will be payable on the issue of the Ordinary Shares, the Warrants and the Index-Linked Loan Stock;
- (b) no charge to United Kingdom stamp duty or stamp duty reserve tax will arise on the exercise of Warrants or the issue of new Ordinary Shares consequent thereon;
- (c) the transfer of Ordinary Shares and Warrants will generally be liable to United Kingdom *ad valorem* stamp duty (or, if an unconditional agreement to transfer such Ordinary Shares or Warrants is not completed by a duly stamped transfer within two months, to stamp duty reserve tax) at the rate of 50p per £100 (or part thereof) on the value of the consideration paid for the relevant transfer; and
- (d) transfers of Index-Linked Loan Stock ought not to give rise to a charge to stamp duty or stamp duty reserve tax, although it is understood that the Stamp Office may take the contrary view.

The above statements regarding United Kingdom stamp duty and stamp duty reserve tax do not apply to the issue or transfer of Ordinary Shares, Warrants or Stock to persons to whom the depositary receipt or clearance service charge applies.

**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.



## 9. GENERAL

- (i) The Manager is a member of IMRO and as such is regulated by IMRO in the conduct of investment business. S.G. Warburg Securities Ltd. is a member of the Securities and Futures Authority Limited.
- (ii) The Company intends that its income will derive wholly or mainly from shares or other securities. Not more than 15 per cent. of the gross assets of the Company will be lent to or invested in the securities of any one company or group at the time the investment or loan is made.
- (iii) The preliminary expenses of the Company and the costs and expenses of, and incidental to, the Issue and the admission of the Ordinary Shares, Warrants and Stock to the Official List of the London Stock Exchange (including any irrecoverable VAT thereon) which will be borne by the Company will amount to 4.5 per cent. of the gross proceeds of the Share Offer for Subscription and Share Placing. The Manager will bear any costs and expenses in excess of such amount. If such costs and expenses (including irrecoverable VAT) are less than 4.5 per cent. of the gross proceeds of the Share Offer for Subscription and Share Placing, the Company will pay a fee to the Manager equal to the difference. The net proceeds of the Issue will be up to £119,375,000 (depending on the level of subscriptions under the Issue) and will be available for investment by the Company.

The minimum amount which, in the opinion of the Directors, must be raised by the issue of the Ordinary Shares in order to provide for the matters referred to in paragraph 4(a) of Part I of the Third Schedule to the Companies Act, 1963 of Ireland as modified by the European Communities (Transferable Securities and Stock Exchange) Regulations, 1992, is £30,000,000 made up as follows:-

- (i) purchase price of property, nil;
- (ii) preliminary expenses payable by the Company and commissions, £1,350,000;
- (iii) repayment of monies borrowed, nil; and
- (iv) working capital, £28,650,000.

There are no amounts to be provided in respect of (i) to (iv) otherwise than out of the proceeds of the Issue.

- (iv) The issue price of 100p per Ordinary Share represents a premium of 75p on the nominal value of 25p of such Ordinary Shares. The aggregate nominal amount of the Stock will depend on the number of Ordinary Shares allotted pursuant to the Offers.
- (v) The Manager is or may be a promoter of the Company and will or may receive management fees and other payments from the Company as described in paragraph 6 of this Part IV. Fidelity International Limited and companies (including the Manager) connected with it may act as intermediaries in connection with the Offers for Subscription or participate in the Share Placing and as such may receive commissions as referred to in paragraph 5(b) of this Part IV. Save as disclosed in this paragraph, no amount or benefit has been paid or given to the Manager by the Company and none is intended to be paid or given.
- (vi) Authorised financial intermediaries will be paid a commission of 3 per cent. of the aggregate offer price in respect of Ordinary Shares (with Warrants attached) allotted pursuant to successful applications under the Share Offer for Subscription made on an application form bearing their stamp. No commission will be paid in respect of applications for Index-Linked Loan Stock.

Barclays Registrars, the Registrars and Receiving Agents, will collate the application forms bearing the stamp of each authorised financial intermediary and calculate the commission payable. Such commission is expected to be paid in early December, 1994 and will be by crossed cheque in favour only of the financial

intermediaries who have stamped the application form. The payment of such commissions will not be divided or split in any manner. Authorised financial intermediaries should keep a record of all application forms bearing their stamp to substantiate any claim for commission.

- (vii) Coopers & Lybrand have given and not withdrawn their written consent to the issue of this document with the inclusion of their report and their name and the references to them in the form and context in which they appear and have authorised the contents of that part of the Listing Particulars for the purposes of section 152 (i) (e) of the Financial Services Act 1986.
- (viii) A copy of this document, together with copies of the material contracts referred to in paragraph 6 above and a copy of the consent referred to in paragraph (vii) above, has been delivered for registration with the Registrar of Companies in Ireland in compliance with section 47 of the Companies Act, 1963 of Ireland, as required by the European Communities (Transferable Securities and Stock Exchange) Regulations 1992 of Ireland.
- (ix) The application lists will open at 12.00 noon on 9th November, 1994 and may be closed at any time thereafter.

#### 10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ and at the offices of Slaughter and May, 35 Basinghall Street, London EC2V 5DB 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 Index-Linked Loan Stock;
- (iii) the material contracts referred to in paragraph 6 above;
- (iv) the report from Coopers & Lybrand reproduced in paragraph 1(i) above; and
- (v) the consent of Coopers & Lybrand referred to in paragraph 9(vii) above.

PART V

## Terms and conditions of application

- (i) The contracts created by the acceptance of applications under the Offers for Subscription will be conditional upon (a) the admission of the Ordinary Shares, the Warrants and the Index-Linked Loan Stock, issued and to be issued under the Issue, 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 17th November, 1994 (or such later date, not being later than 2nd December, 1994, as the Company and S.G. Warburg Securities Ltd. may agree) and (b) the Offer Agreement referred to in paragraph 5 of Part IV of the Listing Particulars becoming unconditional and the obligations of S.G. Warburg Securities Ltd. thereunder not being terminated in accordance with its terms.
- (ii) 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 of the amount paid on application 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) The right is reserved to present all cheques for payment on receipt by Barclays Registrars and to retain documents of title and surplus application moneys pending clearance of successful applicants' cheques. S.G. Warburg Securities Ltd. may, as agent of the Company, require an applicant to pay interest or its other resulting costs (or both) if the cheque accompanying his application is not honoured on first presentation. If an applicant is required to pay interest he will be obliged to pay the amount determined by S.G. Warburg Securities Ltd. to be the interest on the amount of the cheque from the date on which the basis of allocation under the Offers for Subscription are publicly announced, until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by S.G. Warburg Securities Ltd. plus 2 per cent. per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.
- (iv) Applications must be made on one of the Application Forms attached at the end of the Listing Particulars or in the Mini Prospectus or otherwise published by the Company or, in the case of applications from eligible financial intermediaries, on the Intermediaries Bulk Application Form or, in the case of applicants applying for Ordinary Shares (with Warrants attached) to be transferred to Fidelity Securities Ltd for the purposes of a Personal Equity Plan, the Application Form issued by Fidelity Investments Ltd., the plan manager, in connection therewith. By completing and delivering an Application Form, you (as the applicant(s)) (and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation):
  - (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 or the nominal amount of Stock specified in your Application Form (or such lesser amount for which your application is accepted) at the Issue Price (as defined in Part III of the Listing Particulars) in each case on the terms, and subject to the conditions, set out in the Listing Particulars, these Terms and Conditions of Application, the Memorandum and Articles of Association of the Company, in the case of an application on an Intermediaries Bulk Application Form, the special terms applicable thereto and, in the case of an application for Stock, the Trust Deed to be entered into between the Company and Sun Alliance Trust Company Limited constituting the Stock;
  - (b) agree that, in consideration of the Company agreeing that it will not, prior to 9th November, 1994, offer for subscription any Ordinary Shares (with

Warrants attached) to any person other than by means of the procedures referred to in the Listing Particulars, your application may not be revoked until after 2nd December, 1994 and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by, Barclays Registrars of your Application Form;

- (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 share certificate or Warrant certificate for the Ordinary Shares (with Warrants attached) applied for or a stock certificate for the Stock applied for and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the Ordinary Shares (with Warrants attached) or Stock and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund to you at your risk of any proceeds of the remittance which accompanied your Application Form, without interest);
- (d) undertake to pay interest at the rate described in paragraph (iii) above if the remittance accompanying your Application Form is not honoured on first presentation;
- (e) agree that, in respect of those Ordinary Shares (with Warrants attached) or the amount of Stock for which your application has been received and processed and 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 or (iii) in the case of applications on Intermediaries Bulk Application Forms, on such other basis as may be applicable thereto;
- (f) agree that any definitive document of title 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;
- (g) subject, in the case of an application on an Intermediaries Bulk Application Form, to the special terms applicable thereto, authorise Barclays Registrars on behalf of S.G. Warburg Securities Ltd. to send definitive certificates in respect of the number of Ordinary Shares (with Warrants attached) or the amount of Stock for which your application is accepted, and/or a crossed cheque for any moneys returnable, by post to your address (or that of the first-named applicant) as set out in your Application Form;
- (h) 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 or a bank;
- (i) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offers for Subscription shall be governed by and construed in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (j) 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 the Listing Particulars (on the basis of which alone your application is made) or in the Mini Prospectus and accordingly you agree that no person responsible solely or jointly for the Listing Particulars or any part thereof or the Mini Prospectus shall have any liability for any such other information or representation;



- (k) subject, in the case of an application on an Intermediaries Bulk Application Form, to the special terms applicable thereto, authorise Barclays Registrars, S.G. Warburg Securities Ltd. or any person authorised by them or the Company, as your agent, to do all things necessary to effect registration of any Ordinary Shares and Warrants or Stock subscribed by you into your name(s) and authorise any representatives of Barclays Registrars or of S.G. Warburg Securities Ltd. to execute and/or complete any document required therefor;
- (l) agree that, having had the opportunity to read the Listing Particulars, you shall be deemed to have had notice of all information and representations contained therein;
- (m) confirm that you have reviewed the restrictions contained in paragraph (vi) below and warrant as provided therein;
- (n) agree that all documents and moneys sent by post to, by or on behalf of the Company or S.G. Warburg Securities Ltd. will be sent at your risk and in the case of documents and returned moneys to be sent to you may be sent to you at your address (or, in the case of joint applicants, the address of the first-named applicant) as set out in the Application Form;
- (o) confirm that you have read and complied with paragraph (v) below;
- (p) agree that your Application Form is addressed to the Company and to S.G. Warburg Securities Ltd.;
- (q) warrant that you are not under the age of 18 on the date of your application;
- (r) agree that your application for Ordinary Shares (with Warrants attached) or Stock will remain valid even if you attempt to renounce or transfer any of them into a PEP which is subsequently voided or not established;
- (s) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, warrant that you have complied with all such laws and none of the Company, S.G. Warburg Securities Ltd. or any of their respective agents will infringe any laws of any such territory or jurisdiction directly or indirectly as a result or in consequence of any acceptance of your application;
- (t) agree that S.G. Warburg Securities Ltd. is acting for the Company in connection with the Issue and for no-one else and that S.G. Warburg Securities Ltd. will not treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of Ordinary Shares, Warrants or Stock or concerning the suitability of Ordinary Shares, Warrants or Stock for you; and
- (u) agree that, in order to ensure compliance with the Money Laundering Regulations 1993, Barclays Registrars may at its absolute discretion require verification of identity from any person lodging an Application Form (the "applicant") who either (i) tenders payment by way of banker's draft, building society cheque or a cheque drawn on an account in the name of a person or persons other than the applicant or (ii) appears to Barclays Registrars to be acting on behalf of some other person. In the former case verification of the identity of the applicant may be required. In the latter case verification of the identity of any person on whose behalf the applicant appears to be acting may be required. Pending the provision of evidence satisfactory to Barclays Registrars as to identity, definitive certificates in respect of Ordinary Shares and Warrants or Stock may be retained at the absolute discretion of Barclays Registrars. If within a reasonable period of time following a request for verification of identity Barclays Registrars has not received evidence satisfactory to it as aforesaid, the Company may, at its absolute discretion, terminate the agreement to allot Ordinary Shares (with Warrants attached) or Stock in which event your remittance will be returned without interest.

- (v) No person receiving a copy of the Listing Particulars, the Mini Prospectus or an Application Form in any territory other than the United Kingdom 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 United Kingdom 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.
- (vi) None of the Ordinary Shares, the Warrants and the Stock have been or will be registered under the United States Securities Act of 1933 (as amended). None of the Ordinary Shares, the Warrants or the Stock may be offered, sold, renounced, transferred or delivered, directly or indirectly, in the United States or to any U.S. Person, subject to certain exceptions under applicable United States securities laws. In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended, and the Manager will not be registered under the United States Investment Advisors Act of 1940, as amended. Persons subscribing for Ordinary Shares (with Warrants attached) and/or Stock shall, unless the Company and S.G. Warburg Securities Ltd. agree in writing, 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 will 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 and/or Warrants and/or Stock for the account of any U.S. Person and will not offer, sell, renounce, transfer or deliver, directly or indirectly, such Ordinary Shares and/or Warrants and/or Stock 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. No application will be accepted if it bears an address in the United States.
- (vii) The basis of allocation will be determined by the Company in consultation with S.G. Warburg Securities Ltd. 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 ensuring an acceptable ratio of Stock to Ordinary Shares. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept applications made otherwise than by completion of an Application Form where the applicant has agreed with the Company in some other manner to apply in accordance with these Terms and Conditions of Application. The "Guide to the Intermediaries Bulk Application Form" forms part of these terms and conditions for applicants using the Intermediaries Bulk Application Form. The Company reserves the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received through the post by not later than 3.00 p.m. on 9th November, 1994, the cover bearing a legible postmark with a date not later than 8th November, 1994. If valid applications are not received for the maximum number of Ordinary Shares (with Warrants attached) and/or the maximum amount of Stock, the number of Ordinary Shares (with Warrants attached) and/or the amount of Stock for which valid applications are received may be allotted, subject to satisfaction of the conditions referred to in (i) above.

- (viii) Fractions of units of Index-Linked Loan Stock will not be issued or allotted and no cash refund of less than £3.00 will be made to successful applicants for Stock in respect of any such fractions.
- (ix) The rights and remedies of the Company and S.G. Warburg Securities Ltd. under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of others.
- (x) In these Terms and Conditions of Application and the Application Form, the expression "Listing Particulars" means the document comprising listing particulars of Fidelity Special Values PLC (the "Company") dated 19th October, 1994, the expression "Mini Prospectus" means the document dated 19th October, 1994 and entitled "Mini Prospectus" issued in connection with the Issue, the expression "Application Form" means one of the application forms for use in connection with the Offers for Subscription attached at the end of the Listing Particulars, the application form for use in connection with the Share Offer for Subscription attached at the end of the Mini Prospectus, any application form for use in connection with the Offers for Subscription otherwise published by the Company, the Intermediaries Bulk Application Form and, so far as it relates to an application for Ordinary Shares (with Warrants attached) under the Share Offer for Subscription, any application form issued by Fidelity Investments Limited in connection with the Fidelity Special Values PEP and the expression "Intermediaries Bulk Application Form" means a bulk application form for use by eligible financial intermediaries in respect of the Share Offer for Subscription. Save where the context requires otherwise, terms defined in the Listing Particulars bear the same meaning when used in these Terms and Conditions of Application and in the Application Form.
- (xi) The dates and times referred to in these Terms and Conditions of Application may be altered by the Company so as to be consistent with the Offer Agreement (as the same may be altered from time to time in accordance with its terms).
- (xii) In the event that more than one stamp is applied to an application form (whether or not either or both are subsequently deleted, erased or obscured), commission will only be payable to the intermediary whose stamp is first applied (in the opinion of S.G. Warburg Securities Ltd.) to the application form and only if such stamp is legible.

## Availability of Listing Particulars

Copies of the Listing Particulars and Mini Prospectus are available for collection from the Company Announcements Office, the London Stock Exchange, Stock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London EC2, for two business days following the date of publication of this document and, until the Offers for Subscription close, from the registered office of the Company, and from the following offices of Fidelity:

Fidelity Investment  
Services Ltd  
Oakhill House  
130 Tonbridge Road  
Hildenborough  
Tonbridge  
Kent  
TN11 9DZ

Fidelity Investment  
Services Ltd  
Ship Canal House  
98 King Street  
Manchester  
M2 4WU

Fidelity Investment  
Management Ltd  
25/26 Lovat Lane  
London  
EC3R 8LL

and from

Barclays Registrars  
8 Angel Court  
Throgmorton Street  
London EC2  
19th October, 1994

Davy Stockbrokers  
Davy House  
49 Dawson Street  
Dublin 2

S.G. Warburg Securities  
Ltd.  
1 Finsbury Avenue  
London EC2M 2PA

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# Fidelity Special Values PLC

## Share Application Form

### PLEASE:

- read the notes below on how to complete the form. Applications must be for a minimum of £1,000.
- use BLOCK CAPITALS.
- make your cheque out to "Barclays Bank PLC A/C FSV" and return this form to arrive by 12.00 noon on Wednesday, 9th November, 1994 to New Issues Department, Barclays Registrars, PO Box 166, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TH. Alternatively, this form may be delivered, by hand only, between 9.00 a.m. and 5.00 p.m. (Monday to Friday) to Barclays Registrars, 8 Angel Court, Throgmorton Street, London EC2. If you have any queries relating to the completion of this form please telephone Barclays Registrars on 081-650 4866.

1

See Note 1 below

I/We offer to subscribe for [ ] Ordinary Shares (with Warrants attached) (minimum 1,000) in Fidelity Special Values PLC (the "Company") at 100p per Ordinary Share on the terms and conditions of application as set out in Part V of the listing particulars of the Company dated 19th October, 1994.  
Please apply for Ordinary Shares (with Warrants attached) in multiples of 500 between 1,000 and 10,000 and multiples of 1,000 thereafter.

2

I/We attach a cheque or banker's draft for the amount payable of [ ]  
(This should be the number of Ordinary Shares applied for multiplied by 100p)

£

3

Mr/Mrs/Miss/Ms or Title	Forename(s) (in full)	Surname
Address in full		
		Postcode
Daytime telephone number		

4

See Note 2 below

Signature	Date
	1994

5

See Note 3 below

Please pin here your cheque or banker's draft for the amount shown in Box 2 above made payable to "Barclays Bank PLC A/C FSV" and crossed "A/C Payee". Please note that a separate cheque or banker's draft must accompany each application form. If your application is for £10,000 or more, please read Note 4 below.

6

See Note 5 below

Box 6 must only be completed by joint Applicants — Do NOT complete this section if you wish to transfer Ordinary Shares (with Warrants attached) into a PEP

Mr/Mrs/Miss/Ms or Title	Forename(s) (in full)	Surname	Signature
Mr/Mrs/Miss/Ms or Title	Forename(s) (in full)	Surname	Signature
Mr/Mrs/Miss/Ms or Title	Forename(s) (in full)	Surname	Signature

### Notes

- Your application must be for a minimum of 1,000 Ordinary Shares (with Warrants attached). Applications for between 1,000 and 10,000 Ordinary Shares (with Warrants attached) must be in multiples of 500 and applications for over 10,000 Ordinary Shares (with Warrants attached) should be in multiples of 1,000. Applications for any other multiples may be rejected. Applications for Ordinary Shares (with Warrants attached) are made on the basis of the information in the listing particulars of the Company dated 19th October, 1994.
- The application must be signed by another person on your behalf if that person is duly authorised to do so under power of attorney. The power of attorney (or a copy duly certified by a solicitor or bank) must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official, whose representative capacity must be stated.
- Your cheque or banker's draft must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the Cheque & Clearing Company Limited or the CHAPS & Town Clearing Company Limited or a member of either of the Committees of the Scottish or Belfast Clearing Houses or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of those companies or associations and must bear the appropriate sorting code in the top right-hand corner. The right is reserved to reject any application in respect of which the applicant's cheque or banker's draft has not cleared on first presentation.
- An application may be accompanied by a cheque drawn by a person other than the applicant(s), but any monies to be returned will be sent by crossed cheque in favour of the person named in Box 3. If an application is for £10,000 or more and is accompanied by (i) a banker's draft or a building society cheque or (ii) a cheque drawn by someone other than the applicant named on this form please refer to (i) and (ii) (as the case may be) below.
  - Please ensure that the bank or building society enters the applicant's name and address on the reverse of the cheque/draft and adds its stamp.
  - Please ensure that one of the following documents is enclosed with this form: a recent original bank or building society statement or utility bill in the applicant's name showing current address. Original documents will be returned by post at the applicant's own risk.

Please note that if the above requirements are not fulfilled and suitable evidence of identity cannot be obtained within a reasonable time, the Company will not be permitted to accept your application.
- You may apply jointly with up to three other persons. Boxes 3 and 4 must be completed by one applicant. All other persons who wish to join in the application must complete and sign Box 6. Another person may sign on behalf of any joint applicant if that person is duly authorised to do so under power of attorney. The power of attorney (or a copy duly certified by a solicitor or bank) must be enclosed for inspection. Share and Warrant certificates, cheques and other correspondence will be sent to the address in Box 3. Please note that joint applicants may not transfer into a PEP.

Stamp of intermediary

SRO and membership No.

### FOR OFFICIAL USE ONLY

Intermediaries should stamp and complete the box above in accordance with paragraph (xii) of the terms and conditions of application.

Source Code

30



# Fidelity Special Values PLC

## Stock Application Form

### PLEASE

- read the notes below on how to complete the form. Applications must be for a minimum of £5,000 and in multiples of £5,000 thereafter.
- use BLOCK CAPITALS.
- make your cheque out to "Barclays Bank PLC A/C FSV" and return this form to arrive by 12.00 noon on Wednesday, 9th November, 1994 to New Issues Department, Barclays Registrars, PO Box 166, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TH. Alternatively, this form may be delivered, by hand only, between 9.00 a.m. and 5.00 p.m. (Monday to Friday) to Barclays Registrars, 8 Angel Court, Throgmorton Street, London EC2. If you have any queries relating to the completion of this form please telephone Barclays Registrars on 081-650 4866.

1 I/We offer to subscribe for £  nominal amount (minimum £5,000) of Equity Index-Linked Unsecured Loan Stock 2004 of Fidelity Special Values PLC (the "Company") at the Issue Price (as defined in Part III of the listing particulars dated 19th October, 1994) on the terms and conditions of application as set out in Part V of the listing particulars dated 19th October, 1994.

2 I/We attach a cheque or banker's draft for the amount payable of £

3	Mr/Mrs/Miss/Ms or Title	Forename(s) (in full)	Surname
Address in full			
			Postcode
Daytime telephone number			

4	Signature	Date
		1994

5 Please pin here your cheque or banker's draft for the amount shown in Box 2 above made payable to "Barclays Bank PLC A/C FSV" and crossed "A/C Payee". Please note that a separate cheque or banker's draft must accompany each application form. If your application is for £10,000 or more, please read Note 4 below.

6 Box 6 must only be completed by joint Applicants

Mr/Mrs/Miss/Ms or Title	Forename(s) (in full)	Surname	Signature
Mr/Mrs/Miss/Ms or Title	Forename(s) (in full)	Surname	Signature
Mr/Mrs/Miss/Ms or Title	Forename(s) (in full)	Surname	Signature

### Notes

- Your application must be for a minimum of £5,000. Applications for over £5,000 must be in multiples of £5,000. Applications for any other multiples may be rejected. Applications for Stock are made on the basis of the information in the listing particulars of the Company dated 19th October, 1994.
- The application may be signed by another person on your behalf if that person is duly authorised to do so under power of attorney. The power of attorney (or a copy duly certified by a solicitor or bank) must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official, whose representative capacity must be stated.
- Your cheque or banker's draft must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the Cheque & Clearing Credit Company Limited or the CHAPS & Town Clearing Company Limited or a member of either of the Committees of the Scottish or Belfast Clearing Houses or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of those companies or associations and must bear the appropriate sorting code in the top right-hand corner. The right is reserved to reject any application in respect of which the applicant's cheque or banker's draft has not cleared on first presentation.
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  - Please ensure that the bank or building society enters the applicant's name and address on the reverse of the cheque/draft and adds its stamp.
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Stamp of intermediary

SRO and membership No.

### FOR OFFICIAL USE ONLY

Intermediaries should stamp and complete the box above but should note that no commission is payable on the Stock.

Source Code