

Company No: 01712354

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

WEB-ANGEL PLC

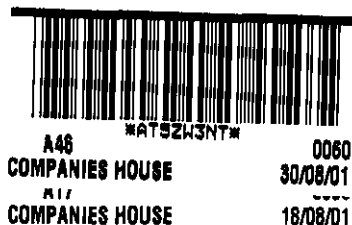
At the Annual General Meeting of web-angel plc (the "**Company**") duly convened and held on 23 July 2001 at the offices of Nabarro Nathanson, Lacon House, 84 Theobald's Road, London WC1X 8RW, the following resolutions were duly passed:

Special Resolutions

1. That the Directors be and are hereby empowered to make allotments for cash of equity securities (as defined in Section 94 (2) of the Act), pursuant to the authority conferred upon them by the passing of resolution 2 set out in the notice of extraordinary general meeting of the Company dated 15 May 2000 as if Section 89 (1) of the Act did not apply to any such allotment PROVIDED THAT the power conferred by this resolution shall be limited to:
 - a. the allotment of equity securities in connection with a rights issue, open offer or any other offer of equity securities in favour of shareholders where the equity securities respectively attributable under such issue or offer to each shareholder are proportionate (as nearly as may be) to the respective numbers of equity securities held by them on a fixed record date but subject to such exclusions as the Directors may deem fit to deal with fractional entitlements or legal and practical difficulties arising under the laws of, or the requirements of, any statutory or regulatory body in any overseas territory; and
 - b. the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £65,000;

and shall expire at the conclusion of the next Annual General Meeting of the Company (or any adjournment thereof) or the date following 15 months after the passing of this resolution (if earlier), unless renewed or extended prior to such time, except that the Company may, before the expiry of any power contained in this resolution, make an offer or agreement that would or might require equity securities to be allotted after such power expires and the Directors may allot equity securities in pursuance of any such offer or agreement up to the maximum amount prescribed in this resolution as if the power hereby conferred had not expired.

2. THAT the Company be and is hereby generally and unconditionally authorised pursuant to Article 11 of the Company's Articles of Association and Chapter VII of the Act to make one or more market purchases (within the meaning of Section 163 (3) of the Act) on the London Stock Exchange Plc of ordinary shares of 1p each in the capital of the Company ("ordinary shares") provided that:
 - a. the maximum aggregate number of ordinary shares hereby authorised to be purchased shall be 13,003,465 (representing 10 per cent of capital).



- b. the maximum price which may be paid for an ordinary share shall be an amount equal to 5% above the average of the middle market prices derived from the London Stock Exchange Daily Official list for the ten dealing days immediately preceding the day on which the ordinary share is purchased (exclusive of expenses);
- c. the minimum price which may be paid for an ordinary share shall be 1p exclusive of expenses;
- d. unless previously renewed, revoked or varied the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company (or any adjournment thereof) or the date following 15 months from the date of the passing of this resolution (if earlier); and
- e. the Company may under the authority hereby conferred make a contract to purchase ordinary shares under this authority before the expiry of such authority and may make a purchase of ordinary shares pursuant to any such contract which purchase or contract would or might be executed wholly or partly after the expiration of such authority.

Ordinary Resolution

- 3. THAT the web-angel Executive Share Option Scheme to be constituted by the rules produced in draft to this meeting and initialled by the Chairman for the purposes of identification be and is hereby approved and adopted and the Directors be and they are hereby authorised to do all acts and things necessary to carry the said Scheme into effect and to vote, and be counted in the quorum, on any matter connected with the said Scheme notwithstanding that they may be interested in the same (except that no director may count in the quorum or vote in respect of his own participation) and the provisions of the Articles of Association shall be relaxed to the extent so necessary.


.....

Chairman

DISPLAY DOCUMENT

**This is a copy of the latest draft of the rules
referred to in the Notice of Annual General Meeting**

R U L E S

of the

WEB-ANGEL EXECUTIVE

SHARE OPTION SCHEME

(Established by the Company on [] with Part A being approved by the
Inland Revenue under Schedule 9 to the Income and Corporation Taxes Act 1988
on [] under ref :[])

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WEB-ANGEL EXECUTIVE SHARE OPTION SCHEME

PART A

1. DEFINITIONS AND INTERPRETATION

In this Scheme, the following words and expressions shall, where the context so permits, have the following meanings:

"Auditors"	the auditors for the time being of the Company;
"the Company"	web-angel plc registered in England under number 01712354;
"Control"	has the meaning given by section 840 of the Taxes Act;
"Date of Grant"	the date on which an Option is granted;
"Dealing Day"	a day on which the London Stock Exchange is open for business;
"Directors"	the board of directors from time to time of the Company or a duly authorised committee thereof;
"Eligible Employee"	<p>(a) any director employed by a Participating Company and required to devote not less than 25 hours per week (excluding meal breaks) to his duties; or</p> <p>(b) any other employee of a Participating Company (not being a director)</p> <p>who is not precluded by paragraph 8 of Schedule 9 (material interest in a close company) from participating in this Scheme;</p>
"Exercise Price"	<p>the price at which each Share subject to an Option may be acquired on the exercise of that Option, being (subject to Rule 10) not less than:</p> <p>(a) the Market Value of a Share on the Dealing Day immediately preceding the Date of Grant; or</p> <p>(b) if greater, and Shares are to be subscribed, the nominal value of a Share;</p>
"Group Company"	<p>(a) the Company; or</p> <p>(b) any company under the Control of the Company; or</p>

	(c) any other associated company (as defined by section 416 of the Taxes Act) of the Company;
"the London Stock Exchange"	the London Stock Exchange PLC or any successor body;
"Market Value"	on any day: <ul style="list-style-type: none"> (a) if the Shares are admitted to the Official List of the UK Listing Authority, the middle market quotation as derived from the Daily Official List for such day; or (b) if the Shares are not admitted to the Official List of the UK Listing Authority, the market value as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed in advance with the Inland Revenue Shares Valuation Division;
"Option"	a right to acquire Shares granted pursuant to this Scheme and for the time being subsisting;
"Option Holder"	an Eligible Employee to whom an Option has been granted under this Scheme;
"Option Period"	in relation to an Option the period commencing on such date as the Remuneration Committee may in its absolute discretion determine and expiring at 5p.m on the earlier of (i) the day before the tenth anniversary of the Date of Grant of such Option; and (ii) any other day which may have been determined by the Remuneration Committee in its absolute discretion;
"Participating Company"	the Company and any other company which is for the time being nominated by the Directors to be a Participating Company being a company of which the Company has Control;
"Relevant Share Option Scheme"	a share option scheme other than a savings-related share option scheme;
"Rules"	the Rules of this Scheme as they may be amended from time to time;

"Remuneration Committee"	the remuneration committee for the time being of the Directors;
"Schedule 9"	Schedule 9 to the Taxes Act;
"this Scheme"	Part A of the web-angel Executive Share Option Scheme, as from time to time amended;
"Share"	an ordinary share in the capital of the Company which satisfies the requirements of paragraphs 10 to 14 of Schedule 9;
"Taxes Act"	the Income and Corporation Taxes Act 1988;

References to any statutory provision are to that provision as amended or re-enacted from time to time, and, unless the context otherwise requires, words in the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine and vice versa.

2. GRANT OF OPTIONS

2.1 The Remuneration Committee may grant Options to Eligible Employees at any time during the period of 42 days after any of the following:

- (a) the approval of this Scheme by the Inland Revenue under Schedule 9;
- (b) the announcement by the Company of its results for any period; or
- (c) the day on which the Directors resolve that exceptional circumstances have arisen which justify the grant of Options.

2.2 The exercise of an Option may be subject to conditions imposed by the Remuneration Committee in accordance with Rule 3.

2.3 Each Option shall be granted by the execution and delivery by the Company as a deed of an option certificate in respect thereof. Each option certificate shall as soon as reasonably practicable after execution and delivery by the Company (and in the any event within fourteen days thereafter) be issued to the relevant Option Holder and shall be in such form as the Directors may from time to time determine, specifying (inter alia) the following:-

- (a) the Date of Grant of the Option;
- (b) the number and class of Shares over which the Option is granted;
- (c) the Exercise Price payable for each Share subject to the Option;

- (d) the relevant Option Period; and
- (e) any conditions which as to exercise which may have been imposed in accordance with Rule 3.

In the event of any Option Holder losing his option certificate the Directors shall as soon as reasonably practicable after receipt of notice of such loss together, if they so require, with an indemnity from the Option Holder in respect of any liability of the Company arising as a consequence of such loss (in such form as the Directors may request) issue to the Option Holder a duplicate of such option certificate and any reference in these Rules to an option certificate shall include reference to such a duplicate. Where an Option is exercised in part the Directors shall, at their discretion, endorse the option certificate as to such partial exercise or issue a new option certificate in respect of the balance of the Option.

- 2.4 Each Eligible Employee to whom an Option is granted may by notice in writing within 30 days of the Date of Grant disclaim his rights under the Option in whole or in part in which event such Option (or part thereof) shall be treated for all purposes as never having been granted.
- 2.5 Subject to the right of a deceased Option Holder's personal representatives to exercise an Option in accordance with Rule 6.5, every Option shall be personal to the Eligible Employee to whom it is granted and shall not be capable of being transferred, assigned or charged.

3. CONDITIONS OF EXERCISE

- 3.1 The right to exercise an Option may be conditional upon the satisfaction of an objective condition relating to the performance of the Option Holder and/or the Company and/or any other Group Company imposed by the Remuneration Committee at the Date of Grant.
- 3.2 In addition, when granting an Option, the Remuneration Committee may, if in its discretion it thinks fit determine any date or dates within the relevant Option Period on which the Option is first exercisable in whole or in part, and, where on any date only part is exercisable, the number of Shares in respect of which such partial exercise may be made.
- 3.3 If, after the Remuneration Committee has determined any objective condition to be satisfied pursuant to this Rule 3, events occur which cause the Remuneration Committee to consider that any of the existing conditions have become unreasonable, unfair or impractical, it may, in its discretion (provided such discretion is exercised fairly and reasonably) amend, relax or waive such conditions to reflect a fairer or more practical measure of the performance of the Option Holder provided that any targets or conditions which are amended or relaxed will be no more and no less difficult to satisfy than when they were originally imposed or last amended or relaxed.

- 3.4 The Remuneration Committee shall notify all relevant Option Holders in writing of any amendment, relaxation or waiver of conditions made pursuant to Rule 3.3.

4. INDIVIDUAL LIMITS

- 4.1 Any Option granted to an Eligible Employee shall be limited and take effect so that, immediately following such grant, the aggregate Market Value of all the shares which he may acquire on the exercise in full of all unexercised options then held by him under this Scheme and any Relevant Share Option Scheme approved by the Inland Revenue under Schedule 9 and adopted by any Group Company shall not exceed £30,000 (thirty thousand pounds) or such other amount as shall from time to time be specified in paragraph 28 of Schedule 9.
- 4.2 Save as provided in Rule 4.3, any Option granted to an Eligible Employee shall be limited and take effect so that, immediately following such grant, the aggregate Market Value of all the shares comprised options granted to him under this Scheme in the preceding ten years shall not exceed the higher of:
- (i) five times his annual remuneration; and
 - (ii) £100,000.
- 4.3 The Remuneration Committee may in its absolute discretion determine that any shares subscribed by an Eligible Employee on the exercise of options granted under this Scheme shall be excluded from being taken into account for the purposes of the limit specified in Rule 4.2.
- 4.4 For the purposes of Rules 4.1 and 4.2, the Market Value of shares shall be their Market Value at the date or dates on which the relevant options were granted or such earlier time or times as may be agreed with the Inland Revenue.

5. SCHEME LIMIT

- 5.1 No option to subscribe shall be granted under this Scheme if immediately thereafter the maximum number of Shares issued or then capable of being issued pursuant to options granted under this Scheme would exceed the higher of:
- (a) such number of Shares as represents ten per cent (10%) of the ordinary share capital of the Company at that time in issue; and
 - (ii) 15 million Shares.
- 5.2 For the purpose of calculating the limit contained in this Rule 5, the following Shares shall be disregarded:

- (a) any Shares which are already in issue when any option or other right is granted over them; and
- (b) any Shares comprised in any option or other right which has lapsed or been surrendered.

6. RIGHTS OF EXERCISE AND LAPSE OF OPTIONS

6.1 Save as provided in Rules 6.5 (death), 6.6 (good leavers), 6.7 (transfer to another country) and 8 (takeover etc), an Option may not be exercised before whichever is the latest of:

- (a) the commencement of the relevant Option Period;
- (b) any date or dates which may have been specified in accordance with Rule 3.2; and
- (c) the date on which any condition which may have been specified in accordance with Rule 3.1 (as amended, relaxed or waived pursuant to Rule 3.3) has been satisfied,

but in any event may not be exercised later than the expiry of the relevant Option Period.

6.2 Save as provided in Rules 6.5 (death), 6.6 (good leavers) and 8 (takeover etc), an Option may only be exercised by an Option Holder while he is a director or employee of a Group Company.

6.3 No Option may be exercised by an Option Holder who retires at his normal retirement age (as specified in his contract of employment or otherwise) if the Option was granted within two years of such retirement.

6.4 No Option may be exercised by an Option Holder at any time when he is, or by the personal representatives of an Option Holder who at the date of his death was, prohibited from such exercise by virtue of the provisions of paragraph 8 of Schedule 9 (material interest in a close company within the preceding 12 months).

6.5 Subject to Rule 6.4, an Option may be exercised by the personal representatives of a deceased Option Holder during the period of one year following the date of death.

6.6 If an Option Holder ceases to hold any office or employment with a Participating Company on account of:

- (a) injury, ill-health or disability (evidenced to the satisfaction of the Directors);
- (b) pregnancy;
- (c) redundancy (within the meaning of the Employment Rights Act 1996);

- (d) retirement at normal retirement age (including late retirement) or early retirement with the consent of the Group Company which employs the Option Holder;
- (e) the transfer of the undertaking or part-undertaking in which the Option Holder is employed to a person other than a Group Company;
- (f) the Company by which the Option Holder is employed ceasing to be a Group Company; or
- (g) any other reason which the Remuneration Committee consider reasonably justifies the exercise of the Option,

the Option may be exercised within the period of one year after such cessation, or, at the discretion of the Remuneration Committee, not later than six months after the first date following such cessation upon which the Option could be exercised in circumstances in which section 185(3) of the Taxes Act (relief from income tax) would apply.

6.7 If an Option Holder, while continuing to hold an office or employment with a Group Company, is to be transferred to work in another country and the Remuneration Committee is satisfied that as a result of that transfer either:

- (a) he will suffer a tax disadvantage upon exercising his Option; or
- (b) he will become subject to restrictions on his ability to exercise his Option or to deal in the Shares obtained upon exercise of his Option,

the Option Holder may, subject to Rules 6.4 (material interest in a close company), 6.8 (lapse) and 7.6 (compliance with Model Code), exercise all or any of his Options in whole or in part in the period commencing three months before and ending three months after the date of the transfer (but so that any exercise before the date of transfer shall be conditional upon such transfer taking place). Upon the expiry of such period, all Options to the extent unexercised shall cease to be exercisable under this Rule 6.7 but shall be exercisable at such other time or times as may be permitted by these Rules.

6.8 An Option shall lapse on the occurrence of the earliest of the following:

- (a) the expiry of the relevant Option Period;
- (b) the expiry of the period (if any) allowed for the satisfaction of any condition of exercise pursuant to Rule 3 without such condition having been satisfied or the date on which it becomes apparent that any such condition has become incapable of being satisfied;

- (c) the expiry of the applicable periods specified in Rules 6.5 (exercise by personal representatives) and 6.6 (good leavers) but if an Option Holder dies while time is running under Rule 6.6, the Option shall not lapse until the expiry of the period specified in Rule 6.5;
- (d) subject to Rule 9 (exchange of options on a takeover) the expiry of the applicable periods specified in Rules 8.1, 8.2 or 8.3 (takeover etc.);
- (e) the expiry of the applicable periods specified in Rule 8.4 (winding up);
- (f) the date on which the Option Holder ceases to be a director or employee of a Group Company for any reason other than his death or one of the reasons specified in Rule 6.6 (good leavers);
- (g) the date on which a resolution is passed, or an order is made by the Court, for the compulsory winding up of the Company; and
- (h) the date on which the Option Holder becomes bankrupt or does or omits to do anything as a result of which he is deprived of the legal or beneficial ownership of the Option.

7. EXERCISE OF OPTIONS

- 7.1 An Option shall be exercisable in whole or in part by notice in writing (in the form prescribed by the Company) given by the Option Holder (or his personal representatives) to the Company. The notice of exercise of the Option shall be accompanied by the relevant Option Certificate and a remittance in cleared funds for the aggregate of the Exercise Prices payable.
- 7.2 Within 30 days of the exercise of the Option the Directors shall allot or procure the transfer of the Shares in respect of which the Option has been validly exercised and shall issue a definitive certificate in respect of the Shares allotted or transferred, unless the Directors consider that such allotment or transfer would not be lawful in the relevant jurisdiction.
- 7.3 If an Option Holder is liable to tax, duties and/or social security contributions on the exercise of an Option and the employer or former employer is liable to make payment to appropriate authorities on account of that liability then the Option Holder must enter into such arrangements as are necessary for the purpose of ensuring that the employer or former employer is put in sufficient funds to enable it to discharge its liability to make the payment to the appropriate authority or is reimbursed for any payment made.
- 7.4 Shares allotted under this Scheme shall rank *pari passu* in all respects with the Shares of the same class for the time being in issue save as regards any rights attaching to such Shares by reference to a record date prior to the date of exercise and in the case of a transfer of existing Shares the

transferee shall not acquire any rights attaching to such Shares by reference to a record date prior to the date of exercise.

- 7.5 If and so long as the Shares are listed on the Official List of the UK Listing Authority or listed or traded on any other market supervised by a regulatory authority (including the Alternative Investment Market) the Company shall apply for any Shares allotted under this Scheme to be admitted to the Official List or any similar list or market as the case may be.
- 7.6 The exercise of any Option (in whole or in part) shall not be permitted unless the Directors are satisfied at the relevant time that all conditions relating to such exercise pursuant to these Rules have been met and (if then applicable) that such exercise would not be in breach of the Model Code for Securities Transactions by Directors of Listed Companies published by the UK Listing Authority, any other applicable laws, codes or regulations relating to the acquisition of securities, or the internal code of the Company.

8. TAKEOVERS AND LIQUIDATIONS

- 8.1 If any person obtains Control of the Company as a result of making:

- (a) a general offer to acquire the whole of the issued ordinary share capital of the Company which is made on a condition such that if it is satisfied the person making the offer will have Control of the Company; or
- (b) a general offer to acquire all the shares in the Company which are of the same class as the Shares,

any Option may be exercised immediately before and conditionally upon such change of Control or within six months (or such shorter period being at least twenty one days as the Directors may specify in writing and notify to the Option Holders) thereafter. For the purposes of this Rule 8.1 a person shall be deemed to have obtained Control of the Company if he and others acting in concert with him have together obtained Control of it.

- 8.2 If, under section 425 of the Companies Act 1985, the Court sanctions a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, any Option may be exercised immediately prior to and conditionally upon the Court sanctioning such compromise or arrangement or within six months thereafter.
- 8.3 If any person becomes bound or entitled to acquire shares in the Company under sections 428 to 430 of the Companies Act 1985 any Option may be exercised at any time when that person remains so bound or entitled.

- 8.4 If the Company passes a resolution for voluntary winding up, any Option may be exercised within six months of the passing of the resolution.

9. EXCHANGE OF OPTIONS ON A TAKEOVER

- 9.1 Notwithstanding the provisions of Rule 8, if any company ("the Acquiring Company") obtains Control of the Company or becomes bound or entitled to acquire shares in the Company within any of the sets of circumstances specified in Rules 8.1, 8.2 and 8.3, any Option Holder may at any time within the periods specified in those Rules, by agreement with the Acquiring Company, release his Option ("the Old Option") in consideration of the grant to him of a new option ("the New Option") which is equivalent to the Old Option (by virtue of satisfying the requirements of paragraph 15(3) of Schedule 9) but relates to shares in a different company (whether the Acquiring Company itself or some other company falling within paragraph (b) or (c) of paragraph 10 of Schedule 9).
- 9.2 Where any Old Options are released pursuant to Rule 9.1 any conditions imposed by the Remuneration Committee pursuant to Rule 3 shall lapse forthwith.
- 9.3 Where any New Options are granted pursuant to Rule 9.1 they shall be regarded for the purposes of the subsequent application of the provisions of this Scheme as having been granted at the time when the corresponding Old Options were granted and, with effect from the date on which the New Options are granted:
- (a) save for the definitions of "Participating Company" and "Group Company" in Rule 1, references to "the Company" (including the definition in Rule 1) shall be construed as being references to the Acquiring Company or such other company to whose shares the New Option relate; and
 - (b) references to "Shares" (including the definition in Rule 1) shall be construed as being references to shares in the Acquiring Company or shares in such other company to which the New Options relate.

10. VARIATION OF SHARE CAPITAL

- 10.1 In the event of any capitalisation (other than a scrip issue), rights issue, consolidation, subdivision, reduction or other variation of the share capital of the Company:
- (a) the number of Shares comprised in an Option;
 - (b) the Exercise Price in relation to such Shares;

(c) where an Option has been exercised but no Shares have been allotted or transferred in satisfaction of such exercise, the number of Shares to be so allotted or transferred and the Exercise Price in relation to such Shares; and

(d) the number of Shares specified in Rule 5.1(a)

may, subject to the prior approval of the Inland Revenue, be varied in such manner as the Directors shall determine and (save in the event of a capitalisation) the Auditors shall confirm in writing to be in their opinion fair and reasonable, provided that, except as provided in Rules 10.2 and 10.3, no variation shall be made which would result in the Exercise Price for an allotted Share being less than its nominal value.

10.2 Any adjustment made to the Exercise Price of unissued Shares which would have the effect of reducing the Exercise Price to less than the nominal value of the Shares shall only be made if and to the extent that the Directors are authorised to capitalise from the reserves of the Company a sum equal to the amount by which the nominal value of the Shares in respect of which the Option is exercisable exceeds the adjusted Exercise Price. The Directors may apply such sum in paying up such amount on such Shares so that on the exercise of any Option in respect of which such a reduction shall have been made, the Directors shall capitalise such sum (if any) and apply the same in paying up such amount as aforesaid.

10.3 Where an Option subsists over both issued and unissued Shares, an adjustment may only be made under Rule 10.2 if the reduction of the Exercise Price in relation to Options over both issued and unissued Shares can be made to the same extent.

10.4 The Directors may take such steps as they consider necessary to notify Option Holders of any adjustment made under this Rule 10 and to call in, cancel, endorse, issue or re-issue any option certificate consequent upon such adjustment.

11. ADMINISTRATION

11.1 The Directors shall have power from time to time to make and vary such regulations (not being inconsistent with this Scheme) for the implementation and administration of this Scheme as they think fit.

11.2 The decision of the Directors shall be final and binding in all matters relating to this Scheme (other than in the case of matters to be determined or confirmed by the Auditors in accordance with this Scheme).

11.3 The costs of establishing and administering this Scheme shall be borne by the Company.

11.4 The Company may, but shall not be obliged to, provide Eligible Employees or Option Holders with copies of any notices circulars or other documents sent to shareholders of the Company.

12. AMENDMENTS

12.1 Prior to approval of this Scheme by the Inland Revenue under Schedule 9 the Directors may alter the Rules of this Scheme as may be necessary to obtain such approval.

12.2 After the date on which this Scheme is approved by the Inland Revenue under Schedule 9, the Rules may be amended in any respect by resolution of the Directors provided that:

(a) the definitions of Eligible Employee and Exercise Price, the limits on individual participation in Rule 4, the Scheme limit in Rule 5, the provisions of Rule 6, 7, 8, 9 and 10 and this Rule 12 shall not be altered to the material advantage of Eligible Employees or Option Holders without the prior approval of the Company in General Meeting;

(b) where any alteration would abrogate or adversely affect the subsisting rights of Option Holders it will not be effective unless such alteration is made:

(i) with the consent in writing of such number of Option Holders as hold Options over not less than seventy five per cent (75%) of the Shares which would be issued or transferred if all outstanding Options were exercised; or

(ii) by a resolution at a meeting of Option Holders by a majority of not less than seventy five per cent (75%) of the Option Holders who attend and vote either in person or by proxy. For the purposes of this Rule 12.2 (b)(ii) the Option Holders shall be treated as the holders of a separate class of share capital and the provisions of the Company's Articles of Association relating to class meetings shall apply mutatis mutandis.

12.3 Notwithstanding Rule 12.2, the Directors may amend the provisions of this Scheme and the terms of any Options as they consider necessary or desirable in order to:

(a) benefit the administration of this Scheme;

(b) comply with or take account of the provisions of any proposed or existing legislation;

(c) take account of any of the events mentioned in Rule 8 (takeover etc); or

(d) obtain or maintain favourable tax or regulatory treatment for the Company or any Group Company or any Option Holder,

without the need for the prior approval of the Company in General Meeting or the consent of Option Holders provided that:

(i) such amendments or additions do not affect the basic principles of this Scheme; and

- (ii) if any such amendments alter the terms of any Options granted to some Eligible Employees, the terms of those Options are not more favourable overall than the terms of Options granted to other Eligible Employees.

12.5 For so long as this Scheme is approved by the Inland Revenue under Schedule 9, no amendment shall have effect until approved by the Inland Revenue and if this Scheme is to become unapproved the Inland Revenue shall be informed.

12.6 Written notice of any amendment to this Scheme shall be given to all Option Holders affected thereby.

13. GENERAL

13.1 This Scheme shall commence upon the date of its approval by the Inland Revenue and shall (unless previously terminated by a resolution of the Directors or a resolution of the Company in General Meeting) terminate on the tenth anniversary of the date of establishment of the Scheme. On termination no further Options may be granted but such termination shall be without prejudice to any accrued rights in existence at the date thereof.

13.2 The Company will at all times keep available sufficient authorised and unissued Shares, or shall ensure that sufficient Shares will be available, to satisfy the exercise to the full extent still possible of all Options, taking account of any other obligations of the Company to issue Shares.

13.3 In the event that the Directors decide to grant Options over issued Shares then the Company and/or any Participating Company may give or procure financial assistance (whether by way of loan, gift, guarantee to a third party lender or otherwise) to the trustee or trustees for the time being of any employee benefit trust established by the Company to facilitate the acquisition by such trustee or trustees of the relevant number of Shares, provided that any such financial assistance shall only be given to the extent permitted by section 153 of the Companies Act 1985.

13.4 Notwithstanding any other provision of this Scheme:

- (a) this Scheme shall not form part of any contract of employment between any Participating Company and any employee of any such company and the rights and obligations of any individual under the terms of his office or employment with any Group Company shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever and whether lawful or not;
- (b) no Option Holder shall be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise an Option in

consequence of the loss or cessation of his office or employment with any Group Company for any reason whatsoever and whether lawful or not;

- (c) this Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against any Group Company directly or indirectly, or give rise to any cause of action at law or in equity against any Group Company.

- 13.5 Save as otherwise provided in this Scheme any notice or communication to be given by the Company to any Eligible Employee or Option Holder may be personally delivered or sent by ordinary post to his last known address and where a notice or communication is sent by post it shall be deemed to have been received 48 hours after the same was put into the post properly addressed and stamped. Share certificates and other communications sent by post will be sent at the risk of the Eligible Employee or Option Holder concerned and the Company shall have no liability whatsoever to any such person in respect of any notification, document, share certificate or other communication so given, sent or made.
- 13.6 Any notice to be given to the Company shall be delivered or sent to the Company at its registered office and shall be effective upon receipt.
- 13.7 This Scheme and all Options granted under it shall be governed by and construed in accordance with English law.

PART B
THE FIRST SCHEDULE

Part B of the web-angel Share Option Scheme will not be approved by the Inland Revenue under Schedule 9. Part A of the web-angel Share Option Scheme as adopted on [] applies to Part B subject to the following amendments:

1. In the meaning of the expression "Eligible Employee" in Rule 1 of Part A the words "who is not precluded by paragraph 8 of Schedule 9 (material interest in a close company) from participating in this Scheme" shall not apply to Part B.
2. In paragraph (b) of the meaning of the expression "Market Value" in Rule 1 of Part A the words "determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed in advance with the Inland Revenue Shares Valuation Division" shall be replaced with the words "determined by the Directors who in completing any such determination shall have regard to the provisions of Part VIII of the Taxation of Chargeable Gains Act 1992".
3. In the meaning of the expression "Option Holder" in Rule 1 of Part A insert the following immediately after the word "Scheme" "and except for the purposes of Rules 6.2 to 6.8 (inclusive) any transferee(s) of such Eligible Employee permitted by the Directors pursuant to Rule 2.5".
4. In the meaning of the expression "Share" in Rule 1 of Part A the words:-

"...which satisfies the requirements of paragraphs 10 to 14 of Schedule 9..."

shall not apply to Part B.
5. In the meaning of the expression "this Scheme" in Rule 1 of Part A the word and letter "Part B" shall be substituted for the word and letter "Part A"
6. In Rule 2.1 (a) of Part A delete the word "this Scheme" and substitute therefor the word "Part A of the web-angel Executive Share Option Scheme" and the following new Rule 2.1 (aa) shall apply to Part B:

"2.1 (aa) the approval of this Scheme by the Company in general meeting;"
7. In Rule 2.1 of Part A after the words "Eligible Employees" insert the words "or to the trustee for the time being of the web-angel employee benefit trust established by a trust dated [DATE] as amended from time to time"
8. Delete Rule 2.5 of Part A and substitute the following new Rule 2.5 therefor:

"Every Option shall be personal to the Eligible Employee to whom it is granted and shall not be capable of being transferred, assigned or charged except that:

- (a) the personal representatives of a deceased Option Holder have the right to exercise an Option in accordance with Rule 6.5; and
 - (b) the Directors may in their absolute discretion permit any Option to be transferred on such terms as the Directors may in their absolute discretion determine"
- 9. Rule 4.1 of Part A shall not apply to Part B and Rules 4.2, 4.3 and 4.4 shall be renumbered as Rules 4.1, 4.2 and 4.3 and the reference to Rule 4.3 in the renumbered Rule 4.1 shall be to Rule 4.2 and the reference to Rule 4.2 in the renumbered Rule 4.2 shall be to Rule 4.1.
- 10. In the renumbered Rule 4.3 the words:-

"or such earlier time or times as may be agreed with the Inland Revenue"

shall not apply to Part B and the words "Rules 4.1 and 4.2" shall be replaced with the words "Rule 4.1".
- 11. Rule 6.4 of Part A shall not apply to Part B.
- 12. In Rule 6.6 of Part A the words ", or, at the discretion of the Directors, not later than six months after the first date following such cessation upon which the Option could be exercised in circumstances in which section 185(3) of the Taxes Act (relief from income tax) would apply" shall not apply to Part B.
- 13. Rule 7.3 of Part A shall be deleted and the following new Rule 7.3 shall apply to Part B:

"7.3 The exercise of an Option shall be conditional on the Option Holder complying with arrangements specified by the Company for the payment of taxation (including without limitation the deduction of tax at source) and/or national insurance contributions (including both employees' and if so determined by the Directors employers' and entering into a joint election to transfer any liability to pay employers' national insurance contributions to the Option Holder) and the Company may at its discretion require the Option Holder to pay to the Company on exercise an amount in addition to the Exercise Price which the Company reasonably determines will not be less than the liability to income tax and/or national insurance contributions of the Option Holder and the relevant employer on exercise of that Option and/or make arrangements for the sale of some of the Shares to be acquired on exercise and for the proceeds of such sale (after expenses of sale) to be paid to the Company to satisfy the tax liability and/or liability to national insurance contributions of the Option Holder and the relevant employer arising from the exercise of the Option and each Option Holder indemnifies every Group Company against any tax claim of whatever nature or any other liability or obligation incurred by the relevant Group Company which relates to the liability of an Option Holder through his participation in this Scheme to taxation or national insurance contributions.
- 14. In Rule 9.1 of Part A the words:

“ . . .(by virtue of satisfying the requirements of paragraph 15(3) of Schedule 9) . . .”; and

“ . . . (whether the Acquiring Company itself or some other company falling within paragraph (b) or (c) of paragraph 10 of Schedule 9) . . .”

shall not apply to Part B.

15. In Rule 10.1 of Part A the words “subject to the prior approval of the Inland Revenue” shall not apply to Part B.
16. Rule 12.1 of Part A shall not apply to Part B.
17. In Rule 12.2 of Part A the words “After the date on which this Scheme is approved by the Inland Revenue under Schedule 9,” shall not apply to Part B.
18. Rule 12.5 of Part A shall not apply to Part B.
19. In Rule 13.1 of Part A the words “by the Inland Revenue” shall be replaced with the words “by the Company in general meeting”.