

Company Number: 4887821

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Chairman

THE COMPANIES ACTS 1985 TO 1989

COMPANY LIMITED BY SHARES

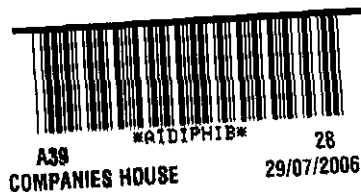
NEW ARTICLES OF ASSOCIATION

OF

CYCLING TELEVISION LIMITED

(as adopted by special resolution passed on 24th April 2006)

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THE COMPANIES ACTS 1985 TO 1989

COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

OF

CYCLING TELEVISION LIMITED

1. **PRELIMINARY**

- 1.1 The regulations contained in Table A in the schedule to the Company (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 ("Table A") shall apply to the Company save insofar as they are not excluded or varied hereby and such regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company.
- 1.2 In the first line of regulation 1 of Table A, after the word "Regulations", the words "and in any Articles adopting in whole or in part the same" shall be inserted.
- 1.3 In these Articles, unless the context otherwise requires, the following words and expressions have the following meanings:

"Act"	the Companies Act 1985;
"A Director"	any person appointed as a director of the Company pursuant to Article 16.1 or his alternate;
"A Investor Majority"	the holder(s) for the time being of more than 75% by nominal value of the issued A Ordinary Shares;
"A Ordinary Shares"	the "A" ordinary shares of 1p each in the capital of the Company, having the rights and being subject to the restrictions set out in these Articles and "A Ordinary Share" shall be construed accordingly;
"AXM Group"	AXM Venture Capital Limited, any of its subsidiaries or subsidiary undertakings, any holding company of AXM Venture Capital Limited and any subsidiary or subsidiary undertaking of any such holding Company;
"Bad Leaver"	has the meaning given to it in Article 10.6(c);

"Board"	the board of directors of the Company from time to time;
"Business Day"	any day (other than a Saturday or a Sunday) on which clearing banks are open for a full range of banking transactions;
"Compulsory Sale Notice"	has the meaning given to it in Article 10.2;
"Custodian"	has the meaning given to it in Article 10.3;
"Defaulting Shareholder"	an Ordinary Shareholder who commits a material breach of his obligations under these Articles or a material breach of a Relevant Agreement and, in either case, such breach cannot be effectively remedied or which such defaulting shareholder fails effectively to remedy within 21 days of receipt of a notice in writing from the Company specifying the breach and requiring remedy;
"Employee Trust"	a trust approved by an A Investor Majority whose beneficiaries are bona fide employees or former employees of any Group Company;
"Fair Value"	has the meaning given to it in Article 10.8;
"Family Trust"	a trust (whether arising under a settlement, declaration of trust, testamentary disposition or an intestacy) under which the only persons being (or capable of being) beneficiaries are the individual beneficial owners of the Shares held in trust and/or his Privileged Relations (for the purposes of determining beneficiaries of such a Family Trust, "Privileged Relations" shall include all children, grandchildren, issue, step and adopted children and not just adult ones) and/or any charity or charities as default beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the settled property or income therefrom when the trust is created but may become so interested if there are no other beneficiaries (from time to time except another such charity or charities)), and no power of control over the voting powers conferred by such Shares is exercisable at any time by or subject to the consent of any person other than the trustees as trustees or such individual beneficial owner or his Privileged Relations;

"Founders"	Simon Brydon and Euan Drummond;
"Good Leaver"	has the meaning given to it in Article 10.6(a);
"Group"	the Company, any subsidiary or subsidiary undertaking of the Company, any holding company of the Company and any subsidiary or subsidiary undertaking of any such holding company;
"Group Company"	each body corporate in the Group;
"Independent Experts"	has the meaning given to it in Article 10.9;
"Liquidation"	the making of an order or passing of a resolution for winding up the Company;
"Leaver"	has the meaning given to it in Article 10.6(b)
"New Manager"	such person or persons, approved by an A Investor Majority, who has or have been or will be promoted or recruited as a director or employee of any Group Company;
"Original Shareholder"	has the meaning given to it in the definition of "Privileged Transferee" below;
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company having the rights and being subject to the restrictions set out in these Articles and "Ordinary Shares" shall be construed accordingly;
"Permitted Family Transfer"	any transfer of Shares permitted under Article 8.1;
"Privileged Relation"	in relation to a Shareholder, the spouse or widow or widower of that Shareholder and that Shareholder's adult children and adult grandchildren and their adult issue (including adult step and adopted adult children);
"Privileged Transferee"	a person or persons (including the trustees of a Family Trust) holding Shares in consequence, directly or indirectly, of a Permitted Family Transfer or series of Permitted Family Transfers (the "Original Shareholder" in the case of a series of such transfers being the first transferor in such series);
"Relevant Agreement"	any shareholder or investment agreement relevant to the Company;

- "Relevant Shares"** shall have the meaning attributed to it in Article 8.8;
- "Restricted Shares"** those Shares which are designated as such following Simon Brydon's exit from the Company as a Good Leaver in accordance with the terms of Article 10.2 of these Articles of Association;
- "Sale"** other than as a result of an intra group re-organisation approved by an A Investor Majority, the completion of an agreement for sale (whether by one transaction or a series of related transactions) of all or substantially all the share capital of the company;
- "Sale Proceeds"** in the event of a Sale, the aggregate price to be paid for or properly attributable to the Shares (including cash and non-cash consideration and taking into account any indebtedness which any of the Shareholders might assume responsibility to repay as part of the terms of the Sale), after the deduction of all professional and other costs incurred in connection with or for the purposes of the Sale;
- "Shares"** Ordinary Shares and A Ordinary Shares and "Share" shall be construed accordingly;
- "Shareholders"** the holders for the time being of the issued Shares and "Shareholder" shall be construed accordingly;
- "Table A"** has the meaning given to it in Article 1.1;
- "Transfer Notice"** has the meaning given to it in Article 9.2.
- 1.4 A person shall be deemed to be a holder of a Share if his name is shown in the register of members of the Company as the holder of such Share.
- 1.5 In these Articles , a reference to:
- 1.5.1 a "subsidiary" or "holding company" is to be construed in accordance with section 736 of the Act and a reference to a "subsidiary undertaking" is to be construed in accordance with section 258 of the Act;
- 1.5.2 a statutory provision includes a reference to:
- 1.5.2.1 the statutory provision as modified or re-enacted or both from time to time whether before or after the date of these Articles; and
- 1.5.2.2 any subordinate legislation made under the statutory provision whether before or after the date of these Articles;

- 1.5.3 a person includes a reference to a body corporate, association or partnership;
- 1.5.4 a person includes a reference to that person's legal personal representatives and successors in title and their assigns from time to time;
- 1.5.5 references to "regulations" are, unless the context otherwise requires, to the regulations in Table A and reference to an Article by number is, unless the context otherwise requires, to the particular Article of these Articles;
- 1.5.6 singular includes plural, male includes female and neuter and vice versa; and
- 1.5.7 references to days are to calendar days.
- 1.6 The renunciation of a right to be allotted Shares shall be treated as if it were a transfer of those Shares and therefore shall be governed by Articles 8 to 12 (inclusive).
- 1.7 The headings in these Articles shall not affect their construction or interpretation.
- 1.8 Where these Articles require notice to be given by the holders of the stated percentage of Shares, notice may consist of several documents in similar form each signed by or on behalf of one or more of the relevant Shareholders.

2. **SHARES**

- 2.1 At the date of adoption of these Articles, the authorised share capital of the Company is £1,000 divided into:

- (a) 97,696 Ordinary Shares; and
- (b) 2,304 A Ordinary Shares.

The Ordinary Shares and the A Ordinary Shares shall each constitute different classes of shares for the purposes of the Act but save as otherwise provided in these Articles shall rank *pari passu* in all respects.

- 2.2 In regulation 8, the words "not being a fully paid share" shall be omitted. The Company shall have a first and paramount lien on all Shares (whether fully paid or not) standing registered in the name of any person indebted or under liability to the Company (whether he is the sole registered holder thereof or one of two or more joint holders) for all monies presently payable by him or his estate to the Company.
- 2.3 The liability of any Shareholder in default in respect of a call shall be increased by the addition of the words "and all expenses that may have been incurred by the Company by reason of such non-repayment" at the end of the first sentence of regulation 18.
- 2.4 Section 89(1) and sub-sections (1) to (6) of section 90 of the Act shall not apply to the Company.
- 2.5 Subject to Article 2.6, or unless the written consent of an A Investor Majority shall otherwise be obtained, any Shares for the time being unissued shall before they are issued be offered by the Board for subscription to the Shareholders in such proportions as equal (as nearly as may be) the proportion of Shares (of whatever class) held by them respectively at that time. The offer shall be made by notice specifying the number of Shares offered and the price per Share and limiting a time (not being less than 21 days nor

greater than 56 days) within which the offer if not accepted will be deemed to be declined. After the expiration of such time, or, if earlier, on the receipt of an indication from the person(s) to whom the offer is made that he/they decline(s) to accept the Shares offered, or any of them, the Board shall offer the Shares declined in like manner (save that the minimum period for acceptance may be 7 days) to the other Shareholders who have agreed to acquire all the Shares offered to them in such proportions as equal (as nearly as may be) the proportion of Shares (of whatever class) held by them respectively at that time. If and to the extent that any Shares comprised in such further offer are declined or deemed to be declined, the further offer shall be deemed to have been withdrawn.

2.6 Any of the Shares which are not taken up in accordance with the provisions of Article 2.5 shall be at the disposal of the Board who may allot, grant options over or otherwise dispose of them to such persons at such times and generally on such terms and conditions as they think proper, PROVIDED THAT:-

- (a) no Shares shall be issued more than three months after the expiry of the period for acceptance of the last offer of such Shares made under Article 2.5 unless the procedure set out in Article 2.5 is repeated in respect of such Shares;
- (b) no Shares shall be issued at a price less than that at which they were offered to Shareholders in accordance with Article 2.5 or on terms which are more favourable.

2.7 If, due to any inequality between the number of new Shares to be issued and the number of Shares held by Shareholders entitled to have the offer of new Shares made to them, any difficulty arises on the apportionment of any such new Shares amongst the Shareholders, such difficulties will be determined by the Board.

2.8 All Shares which, pursuant to these Articles, may be issued to a holder of "A" Ordinary Shares, or a holder of Ordinary Shares shall, upon being registered in the name of such holder, become "A" Ordinary Shares, or Ordinary Shares respectively. Any Shares which may be issued to a person who is not a Shareholder at the relevant time shall be designated as Ordinary Shares unless, in any case, the "A" Investor Majority consent otherwise.

SHARE RIGHTS

3. DIVIDENDS

The profits of the Company available for distribution and which the directors may determine to distribute as dividends from time to time shall be distributed amongst the Shareholders in proportion to the number of Shares held by them in the Company, regardless of the class of Share held. The Company shall not declare any dividend on the Shares without the prior written consent of an A Investor Majority.

4. REALISATIONS

4.1 On a return of capital on a Liquidation or otherwise, the surplus assets and retained profits remaining after the payment of the Company's liabilities and available for distribution to the Shareholders shall be applied as follows:-

- (a) first, in paying to the holders of A Ordinary Shares the amounts paid up on the A Ordinary Shares then in issue. If there are insufficient surplus assets and retained profits to pay such amounts in full, payment will be made amongst the holders of the A Ordinary Shares pro rata as nearly as possible to the respective amounts paid up on the Shares of that class held by them; and
- (b) thereafter, in distributing any balance of the surplus assets and retained profits amongst all the Shareholders pro rata to the number of Shares held by them respectively, regardless of such class of Shares held, save that account shall be taken of any sum already paid to the holders of A Ordinary Shares pursuant to Article 4.1(a) above and such sum shall be deducted from the entitlement of the holders of the A Ordinary Shares pursuant to this Article 4.1(b).

4.2 On a Sale the Sale Proceeds shall be applied between the Shareholders as follows:-

- (a) first, in paying to the holders of the A Ordinary Shares the amounts paid up on the A Ordinary Shares then in issue. If there are insufficient Sale Proceeds to pay such amounts in full, payment will be made amongst the holders of the A Ordinary Shares pro rata as nearly as possible to the respective amounts paid up on the Shares of that class held by them; and
- (b) thereafter in distributing any balance of the Sale Proceeds amongst all the Shareholders pro rata to the number of Shares held by them respectively, regardless of the class of such Shares, save that account shall be taken of any sum already paid to the holders of A Ordinary Shares pursuant to Article 4.2(a) above and such sum shall be deducted from the entitlement of the holders of the A Ordinary Shares pursuant to this Article 4.2(b)..

4.3 The Shareholders shall take all steps within their powers to ensure that any surplus assets and retained profits and any Sale Proceeds are paid to Shareholders in accordance with the provisions of Articles 4.1 and 4.2 and, if necessary, shall make such payments between themselves as shall ensure that such amounts are so paid.

4.4 For the purpose of this Article 4, the amount "paid up" on a Share shall mean the total subscription price paid, or deemed to be paid, for that Share, including sums paid, or credited as paid, by way of premium.

4.5 The Restricted Shares shall rank pari passu in all respects with the Ordinary Shares other than in relation to the pre-emption rights set out within Article 9.

5. VOTING

5.1 A Shareholder who becomes a Defaulting Shareholder shall not be entitled to vote in respect of his Shares at any time after he becomes a Defaulting Shareholder.

5.2 Save as provided in Article 5.1, all Shares will carry one vote per Share, regardless of the class of Share.

5.3 Votes on Shares may be exercised:

- (a) on a show of hands by every Shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or a proxy (in which case each Shareholder shall have one vote);

- (b) on a poll by every Shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by a proxy (in which case each Shareholder shall have one vote for each such Share held).

Regulation 54 shall be modified accordingly.

6. VARIATION OF CLASS RIGHTS

Whenever the share capital of the Company is divided into different classes of Shares, the special rights attached to each class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding-up) either (i) with the consent in writing of the holders of 75% in nominal value of the issued Shares of that class, or (ii) with the sanction of an extraordinary resolution passed at a separate meeting of the holders of Shares of that class but not otherwise. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company (and to the proceedings at such general meetings) shall apply mutatis mutandis.

TRANSFER OF SHARES

7. GENERAL

- 7.1 The Board shall not register a transfer of Shares unless such transfer is permitted by Article 8 or has been made in accordance with Article 9 or, if appropriate, Articles 10, 11 or 12. A transfer of Shares shall include the disposal of any interest in or right attaching to such Shares.
- 7.2 The Board may in its absolute discretion, and without giving any reason, refuse to register any transfer of a Share that would otherwise be permitted under, or is made in accordance with, these Articles if it is a transfer of a Share which is not fully paid or over which the Company has a lien. The Board may also refuse to register a transfer of Shares, whether fully paid or not, in favour of more than four persons jointly.
- 7.3 The Board may also decline to register any instrument of transfer unless the instrument of transfer is duly stamped and is in respect of only one class of Share and is lodged at the registered office of the Company (or such other place as the Board may appoint) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do). All instruments of transfer that are registered may be retained by the Company. Regulation 24 shall not apply to the Company.
- 7.4 A Shareholder shall not, except with the prior written consent of all the other Shareholders, create or permit to subsist any pledge, lien or charge over, or grant any option or other rights over or dispose of any interest in, any of the Shares held by him, other than the disposal of the entire legal and beneficial interest in such Shares in accordance with these Articles.
- 7.5 Unless the Board (with the prior written approval of an A Investor Majority) otherwise consents, no transfer or other disposal of any Shares shall be registered at any time and no transferee shall be recognised at any time by the Company as having any title to the Shares unless, where the proposed transferee is not a Shareholder at the date of adoption of these Articles, the transferee first executes a deed of adherence in the form required by any Relevant Agreement.

- 7.6 If any Share is transferred in accordance with the provisions of these Articles to a Shareholder holding Shares of a different class, such Share shall as on and from the time of registration of the transfer of that Share in the register of members of the Company be ipso facto re-designated as a Share of the same class of Shares as already held by that Shareholder. Any Share (other than an Ordinary Share) that is transferred to a Custodian or to an Employee Trust shall as on and from the time of registration of the transfer of that Share in the register of members of the Company be ipso facto re-designated as an Ordinary Share.
- 7.7 Regulations 30 and 31 shall be modified to reflect the positions of this Article 7 and Articles 9 to 12 (inclusive).

8. PERMITTED TRANSFERS

- 8.1 Subject to the holders of the A Ordinary Shares being informed of any such transfer, Shares (other than any Shares which are the subject of a Compulsory Sale Notice) may be transferred by an individual Shareholder (not being in relation to the Shares concerned a holder thereof as a trustee of any Family Trust) to a Privileged Relation or Family Trust of such Shareholder or from a Privileged Transferee to a Privileged Relation or Family Trust of the relevant Original Shareholder or from the trustees of a Family Trust to any new trustees of the same Family Trust provided that, for the purposes of this Article 8.1, "Shareholder" does not include: (a) a person who is bankrupt or a trustee in bankruptcy; or (b) any person to whom Shares have been transferred by way of Permitted Family Transfer under this Article 8 Provided That an Original Shareholder may not transfer more than 49% in aggregate of the Shares held by him on the date of adoption of these Articles pursuant to a Permitted Family Transfer.
- 8.2 If a Privileged Transferee (not being the trustee of a Family Trust) ceases to be a Privileged Relation of the relevant Original Shareholder, that Privileged Transferee shall forthwith transfer the Relevant Shares (as defined in Article 8.8) back to the Original Shareholder for such consideration as they agree or, in default of agreement within 28 days of the cessation, for the consideration (if any) for which the Privileged Transferee acquired them. In the event that such transfer is not effected within the prescribed time the Board may appoint any director to execute instruments of transfer in favour of the Original Shareholder for nil consideration and to ensure that the name of the Original Shareholder be entered into the register of members in respect of such Shares. The provisions of this Article shall apply, mutatis mutandis, with regard to Privileged Transferees who are trustees of a Family Trust that ceases to satisfy the definition of a "Family Trust" in relation to the relevant Original Shareholder, such that such trustees shall forthwith transfer the Relevant Shares back to the Original Shareholder.
- 8.3 Any 'A' Ordinary Shares may be transferred at any time and from time to time to any member of the AXM Group or to any other entity within the London Development Agency, provided that if such transferee ceases to be a member of the AXM Group or to be an entity within the London Development Agency, then such transferee shall forthwith transfer such shares back to original holder of such "A" Ordinary shares for such consideration as they agree, or in default of agreement within 28 days of cessation, for the consideration for which such transferee acquired them.
- 8.4 Any Privileged Transferee holding Shares as a result of one or more Permitted Family Transfers made after the date of the adoption of these Articles may, at any time, transfer any Relevant Share to the relevant Original Shareholder.

- 8.5 Any person holding Shares as a Custodian may at any time transfer those Shares to a New Manager.
- 8.6 An Employee Trust may at any time transfer Shares to any beneficiary of that Employee Trust.
- 8.7 Subject to Articles 7.2 to 7.5 (inclusive), the Board shall be obliged to register any transfer which is permitted or required by the terms of this Article 8, upon satisfying itself that the transfer concerned properly falls within the provisions of this Article 8.
- 8.8 For the purpose of this Article, "**Relevant Shares**" means the Shares originally acquired by the relevant Privileged Transferee(s) and any additional Shares issued to such Privileged Transferee(s) by way of capitalisation or acquired by such Privileged Transferee(s) in exercise of any right or option granted or arising by virtue of the holding of such Shares or any of them or the membership thereby conferred.

9. PRE-EMPTION ON TRANSFER

- 9.1 Except for a transfer of Shares which is permitted under Article 8 no Share (or any interest in any Share) shall be transferred until the following conditions of this Article are complied with.
- 9.2 Any Shareholder proposing to transfer a Share ('**the Proposing Transferor**') shall give notice in writing ('**Transfer Notice**') to the Board that the Proposing Transferor desires to transfer such Share. In the Transfer Notice the Proposing Transferor shall specify:
- (a) the number and class of Shares which the Proposing Transferor wishes to transfer ('**the Transfer Shares**') (which may be all or part only of the shares then held by the Proposing Transferor);
 - (b) the price at which the Proposing Transferor wishes to sell the Transfer Shares ("**the Transfer Price**") and the identity of any person who has indicated a willingness to purchase the Transfer Shares at such price ("**the Proposed Transferee**").

A Transfer Notice, once given, shall not be revocable, except with the consent of the Board.

- 9.3 A Transfer Notice shall also state whether the Proposing Transferor wishes to impose a **Total Transfer Condition** (meaning a condition that unless all of the Transfer Shares are sold pursuant to the following provisions of this Article none shall be so sold), but in the absence of such a statement the Transfer Notice shall be deemed not to contain a Total Transfer Condition. Any two or more Shareholders shall be entitled to serve a joint Transfer Notice (meaning a notice signed by each of them specifying the Shares which they wish together to transfer) containing a Total Transfer Condition and such notice shall for all the purposes of this Article take effect as if it were a single Transfer Notice and the Total Transfer Condition related to all the Shares the subject of the joint Transfer Notice, but the obligations of those Shareholders thereunder or in respect thereof shall be several only, in proportion to the number of Transfer Shares which they hold respectively.
- 9.4 The Transfer Notice shall constitute the Company (by the Board) as the agent of the Proposing Transferor with authority to sell the Transfer Shares (together with all rights

attaching thereto at the date of the Transfer Notice or at any time thereafter) at the Transfer Price on the terms of this Article 9.

- 9.5 Within 7 days after the receipt of any Transfer Notice the Board shall serve a copy of that Transfer Notice on all the Shareholders other than the Proposing Transferor or a Shareholder holding Restricted Shares. In the case of a deemed Transfer Notice under Article 10 the Board shall similarly serve notice on all Shareholders (other than the Proposing Transferor or a Shareholder holding Restricted Shares) notifying them that the same has been deemed to be served, within 7 days of the date on which the Transfer Notice is deemed to be served.
- 9.6 Within 14 days after the Due Date (as defined at the end of this Article 9.6) the Transfer Shares shall be offered by way of a notice in writing ("**the Offer Notice**") for purchase at the Transfer Price by the Board to those Shareholders who at the date of the Offer Notice are registered as holders of Shares of the same class as the Transfer Shares (other than (a) the Proposing Transferor and (b) any person on whom a Compulsory Sale Notice has been served). The Offer Notice shall specify that each of the Shareholders to whom the offer is made may accept the offer in respect of all or any number of the Transfer Shares and that, in the case of competition in respect of such offer, the Transfer Shares shall be allocated to the acceptors in proportion (as nearly as may be without involving fractions or increasing the number sold to any Shareholder beyond that applied for by him) to their existing holdings of Shares. For the purpose of this Article 9.6, "**Due Date**" shall mean the date on which the Transfer Notice is received by the Company or if it is a Transfer Notice that is deemed to have been given in accordance with Article 10.2, the date on which it is deemed given or, in the event that the Transfer Notice is deemed to have been given and a Fair Value falls to be agreed or determined, the date of such agreement or determination under Articles 10.8 and 10.9.
- 9.7 The period during which the relevant Shareholder may accept the offer contained in the Offer Notice (at the end of which the offer will lapse) shall be determined by the Board and set out in the Offer Notice. Such period shall not be less than 28 days, nor more than 56 days after the date of the Offer Notice. The Offer Notice shall also contain a statement as to whether or not the Transfer Notice contained a Total Transfer Condition.
- 9.8 To the extent that the Transfer Shares are not accepted by a Shareholder or Shareholders holding Shares of the same class as the Transfer Shares within the time limited for acceptance or if there are no other holders of Shares of that class the Board shall (in the former case) within 7 days after the expiration of such time as aforesaid (and in the latter case immediately), offer the Transfer Shares or so many thereof as have not been accepted as aforesaid (as the case may be) to Shareholders holding Shares of all the other classes other than a Shareholder who holds Restricted Shares (other than any person who has been deemed to have given a Transfer Notice) and the provisions of Articles 9.6 and 9.7 shall apply mutatis mutandis to such offer.
- 9.9 If any of the Transfer Shares shall not be capable of being offered or allocated as aforesaid without involving fractions, the same shall be offered to or allocated amongst the Shareholders, or some of them, in such proportions as may be determined by lots drawn in respect thereof, and the lots shall be drawn in such manner as the Board shall think fit.
- 9.10 If the Transfer Notice in question contained a Total Transfer Condition then no offer of Transfer Shares made by the Board pursuant to this Article shall be capable of acceptance until all of the Transfer Shares shall have been accepted by the Shareholders (or any of them). If by the foregoing procedure the Board shall not receive acceptances from

Shareholders in respect of all the Transfer Shares within the period(s) of the aforesaid offer(s) it shall forthwith give notice in writing of that fact to the Proposing Transferor and none of the Transfer Shares will be sold to the Shareholders (except as mentioned below) pursuant to this Article. The Proposing Transferor may, within a period of 3 months after the date of the Board's said notice sell all (but not some only) of the Transfer Shares to any Shareholder or to the Proposed Transferee identified in the Transfer Notice (or its/his nominee), but to no other person, at any price which is not less than the Transfer Price (after deducting, where appropriate, any net dividend or other distribution to be retained by the Proposing Transferor) and otherwise on terms and conditions which are not more favourable to the relevant purchaser than those on which the Transfer Shares were offered to the Shareholders under this Article 9.

- 9.11 If, by the foregoing procedure, the Board shall receive acceptances in respect of all of the Transfer Shares the Board shall forthwith give notice in writing as hereinafter mentioned to the Proposing Transferor and to the Shareholder or Shareholders who have agreed to purchase the same ('Purchaser' or 'Purchasers') and the Proposing Transferor shall thereupon become bound to transfer to each Purchaser those Transfer Shares accepted by him and each Purchaser shall be bound to purchase such Shares. Every such notice shall state the name and address of each Purchaser, the number of Transfer Shares agreed to be purchased by him and the place and time appointed by the Board for the completion of the purchase (being not less than 7 days nor more than 28 days after the date of the said notice and not being at a place outside England). Subject to the giving of such notice the purchase shall be completed at the time and place appointed by the Board. At completion the Proposing Transferor shall transfer to each Purchaser the entire legal and beneficial interest in the Transfer Shares accepted by that Purchaser with full title guarantee free from all liens, charges and encumbrances and shall deliver to each Purchaser a duly completed stock transfer form in favour of that Purchaser in respect of the number of Transfer Shares accepted by that Purchaser together with the Share certificate(s) covering such Transfer Shares. At completion each Purchaser shall pay the total Transfer Price for the Shares transferred to him in cleared funds to the Proposing Transferor by way of banker's draft or such other method of payment as shall be agreed by the Proposing Transferor.
- 9.12 If the Transfer Notice in question did not contain a Total Transfer Condition and if by the foregoing procedure the Board shall receive acceptances in respect of none or part only of the Transfer Shares within the period(s) of the aforesaid offer(s) they shall forthwith give notice in writing of that fact to the Proposing Transferor, and the Proposing Transferor:
- (a) shall thereupon become bound to transfer to each Purchaser (if any) those Transfer Shares accepted by him and each Purchaser (if any) shall be bound to purchase such Shares and the provisions of Article 9.11 shall apply mutatis mutandis thereto;
 - (b) may, within a period of 3 months after the date of the Board's said notice sell all or any of those Transfer Shares which have not been accepted as aforesaid to any Shareholder or to the Proposed Transferee identified in the Transfer Notice (or its/his nominee), but to no other person, at any price which is not less than the Transfer Price (after deducting, where appropriate, the amount of any net dividend or other distribution to be retained by the Proposing Transferor) and otherwise on terms and conditions which are not more favourable to the relevant purchaser than those on which the Transfer Shares were offered to the Shareholders under this Article 9.
- 9.13 If a Proposing Transferor, having become bound to transfer any Transfer Shares pursuant to this Article, makes default in transferring the same the Board may authorise some person

(who is (as security for the performance of the Proposing Transferor's obligations) hereby irrevocably and unconditionally appointed as the attorney of the Proposing Transferor for the purpose) to execute the necessary instrument of transfer of such Transfer Shares and may deliver it on his behalf and the Company may receive the purchase money and shall thereupon (subject to such instrument being duly stamped with any necessary stamp duty) cause the transferee to be registered as the holder of such Transfer Shares and shall hold such purchase money on behalf of the Proposing Transferor. The Company shall not be bound to earn or pay interest on any money so held and shall not pay such money to the Proposing Transferor until he shall have delivered his share certificates (or an appropriate indemnity in respect of any lost certificates) to the Company. The receipt of the Company for such purchase money shall be a good discharge to the transferee who shall not be bound to see to the application thereof, and after the name of the transferee has been entered in the register of members in purported exercise of the aforesaid power the validity of the proceedings shall not be questioned by any person.

- 9.14 Without prejudice to the generality of Article 13, the Board may require to be satisfied that any Shares being transferred by the Proposing Transferor pursuant to either Article 9.10 or Article 9.12 (b) are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer documentation and if not so satisfied may refuse to register the instrument of transfer.
- 9.15 An obligation to transfer a Share under the provisions of this Article shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such Share with full title guarantee free from any lien, charge or other encumbrance.
- 9.16 The above provisions of this Article may be waived in whole or in part in any particular case by way of special resolution and with the prior written consent of an A Investor Majority.
- 9.17 Where a Transfer Notice is given by a Shareholder under Article 9.2, a Transfer Notice must also be given on the same date in the same terms and manner by each Privileged Transferee of that Shareholder in respect of all the Relevant Shares held by him. Failure by any Privileged Transferee to give such a Transfer Notice within 14 days of the requirement arising shall constitute the relevant Privileged Transferee a Defaulting Shareholder.
- 9.18 For the avoidance of doubt, the pre-emption rights existing in favour of each of the Shareholders pursuant to this Article 9 shall not exist in favour of a Shareholder who holds Restricted Shares.

10. COMPULSORY TRANSFERS

10.1 This Article 10 applies in the event of:

- (a) a Shareholder who is an individual dying;
- (b) other than in relation to Paul Thatcher, a Shareholder who is or was previously a director, employee or consultant of a Group Company ceasing for any reason (other than death) to be a director, employee or consultant and not continuing as a director, employee or consultant of any other Group Company;
- (c) a holder of Ordinary Shares becoming a Defaulting Shareholder;

- (d) a Shareholder which is a company or body corporate ceasing to be controlled (within the meaning of section 416 of the Income & Corporation Taxes Act 1988) by the person(s) who controlled such Shareholder on the date on which it became a Shareholder;
- (e) a Shareholder who is an individual being declared bankrupt pursuant to the Insolvency Act 1986;
- (f) a Shareholder which is a company or body corporate commencing winding up proceedings, or going into administration or receivership, or having a receiver, liquidator or administrator appointed or entering into any voluntary arrangement or composition with its creditors.

10.2 Within 6 months after the later of (i) the occurrence of any event specified in Article 10.1 (a "**Transfer Event**") or (ii) the date on which the Board becomes aware of the occurrence of a Transfer Event, the Company acting through the Board may serve notice ("a **Compulsory Sale Notice**") on the Shareholder in question or his personal representatives or trustee in bankruptcy (as appropriate) and any Privileged Transferee of such Shareholder (each a "**Compulsory Seller**") notifying him/them that he/they is/are with immediate effect deemed to have given a Transfer Notice in respect of all the Shares (or in the case of a Privileged Transferee, all the Relevant Shares or, in the case only of Simon Brydon, and in such circumstances where Simon Brydon is a Good Leaver (as hereinafter defined), such number of Shares as will leave Simon Brydon with a residual shareholding of no more than 9.9% of the Company's total issued share capital in circumstances where he has held his Shares for 3 years or more following the adoption of these Articles of Association, or no more than 6% of the Company's total issued share capital in circumstances where he has held his Shares for between 2 years and 3 years following adoption of these Articles of Association, or no more than 3% of the Company's total issued share capital in circumstances where he has held his Shares for between 1 year and 2 years following the date of adoption of these Articles of Association, and in such circumstances such residual shareholding shall be re-designated as Restricted Shares with the rights attaching to them as set out in Articles 4.5 and 9 of these Articles of Association) then held by him/them ("**the Compulsory Sale Shares**") for the price determined in accordance with Article 10.5. Upon becoming aware of the occurrence of a Transfer Event, the Board shall forthwith notify all the holders of 'A' Ordinary Shares of the same and shall be obliged to serve a Compulsory Sale Notice on each Compulsory Seller if directed to do so by an 'A' Investor Majority. A deemed Transfer Notice shall supersede and cancel any then current Transfer Notice insofar as it relates to the same Shares except for Shares which have then been validly transferred pursuant to that Transfer Notice.

10.3 The Board may direct in the Compulsory Sale Notice (and shall direct if required to do so by an 'A' Investor Majority) that the Compulsory Sale Shares (or any of them) shall first be offered for sale to any or all of the following categories of offeree:

- (a) a New Manager;
- (b) an Employee Trust, such Employee Trust to be financed by the Company, subject to such finance being available and lawful;
- (c) the Company; or

- (d) an individual or individuals (a "Custodian") to be held on trust for a New Manager or New Managers to be recruited or promoted, such Custodian to be financed by the Company, subject to such finance being available and lawful.

Any such offer shall be made to the relevant offeree(s) at the transfer price determined in accordance with Article 10.5 and shall be on terms that the Compulsory Sale Shares are sold by the Compulsory Seller(s) with full title guarantee, free from all liens, charges and encumbrances and together with all rights attached thereto on the date of the Compulsory Sale Notice or arising thereafter. If any Compulsory Sale Shares are offered to a Custodian then, to the extent necessary, a trust shall be established in such form as shall be approved by an 'A' Investor Majority.

- 10.4 Subject to Article 10.3, the Compulsory Sale Shares the subject of any deemed Transfer Notice shall be offered for sale in accordance with Article 9 as if they were Transfer Shares in respect of which a Transfer Notice had been given and the relevant Compulsory Seller was a Proposing Transferor. The provisions of Article 9 shall apply to such deemed Transfer Notice save that:

- (a) the Transfer Notice shall be deemed to have been given on the date of service of the Compulsory Sale Notice;
- (b) a deemed Transfer Notice shall not contain a Total Transfer Condition;
- (c) the Transfer Price of the Compulsory Sale Shares shall be determined in accordance with Article 10.5;
- (d) the Compulsory Sale Shares shall be sold together with all rights attaching thereto as at the date of the service of the Compulsory Sale Notice or arising thereafter; and
- (e) the timetable for offers set out in Article 9 shall be modified as necessary to take into account any offer(s) to be made pursuant to Article 10.3.

- 10.5 The transfer price for each Compulsory Sale Share which is the subject of a Compulsory Sale Notice given as a consequence of a Transfer Event falling within Article 10.1(b) shall:

- (a) if the Compulsory Seller is a Good Leaver or a Privileged Transferee of a Good Leaver, be its Fair Value; and
- (b) if the Compulsory Seller is a Leaver or a Privileged Transferee of a Leaver, be the lower of:
 - (i) the value of the Shares as at the date of the adoption of these Articles, being £32.55 per Share; or
 - (ii) 50% of its Fair Value; and
- (c) if the Compulsory Seller is a Bad Leaver or a Privileged Transferee of a Bad Leaver, be its par value.

The transfer price for each Compulsory Sale Share which is the subject of a Compulsory Sale Notice given as a consequence of a Transfer Event falling within Articles 10.1(a), 10.1(d), 10.1(e) or 10.1(f) shall be its Fair Value and the transfer price

for each Compulsory Sale Share which is the subject of a Compulsory Sale Notice given as a consequence of a Transfer Event falling within Article 10.1(c) shall be its par value.

10.6 In Article 10.5 and this Article 10.6:

- (a) **"Good Leaver"** refers to a person who ceases to be a director, employee or consultant of the Company or of any Group Company in circumstances of death, Serious Ill Health, retirement (at normal retirement age for the Company), his redundancy, his dismissal (where such dismissal is found by a Tribunal or Court of competent jurisdiction to have been unfair, constructive or wrongful), his contract being terminated under the doctrine of frustration (other than in circumstances where such the frustrating event has arisen due to any act or omission of such person) or resignation, provided that if such resignation is within 5 years of the adoption of these articles then just resignation must be with just cause (as determined by the Board acting reasonably), and does not continue as either a director, employee or consultant, provided always that the Board, with the approval of an 'A' Investor Majority, can deem any person a Good Leaver;
- (b) **"Leaver"** refers to any person who ceases to be a director, employee or consultant of the Company or of any Group Company and does not continue as either a director or employee or consultant and who is neither a Good Leaver nor a Bad Leaver;
- (c) **"Bad Leaver"** refers to any person who ceases to be a director, employee or consultant of the Company or of any Group Company and who following such cessation, does not continue as a director or employee or consultant of the Company or any Group Company and such cessation occurs:
 - (i) in circumstances where such person has been found guilty of fraud, embezzlement, dishonesty, gross or wilful negligence, gross or persistent misconduct or gross incompetence in relation to his position as director, employee or consultant of the Company or any Group Company; or
 - (ii) as a result of his resigning as employee of the Company or any Group Company without giving the relevant period of notice required to be given by him under his agreement with the relevant company, save in circumstances which constitute his constructive dismissal as either agreed by him and the relevant company or found to be such by tribunal or court against which finding there is no right of appeal or in respect of which the right to appeal has expired;
- (d) **"Serious Ill Health"** means a mental or physical illness or disability which is certified by a general medical practitioner (nominated or approved by an A Investor Majority and the Board or, in default of such nomination or approval, nominated by the President for the time being of the Royal College of General Practitioners) as rendering the departing employee, consultant or director permanently incapable of carrying out his normal functions as an employee, consultant or director of a Group Company for the foreseeable future.

10.7 For the purpose of Article 10.6 the date upon which a Shareholder ceases to hold office or employment or to be a consultant as described therein shall be:

- (a) where a contract of employment or consultancy or directorship is terminated by the relevant Group Company by giving notice to the employee, consultant or director of the termination of the employment or directorship or consultancy, the date of that notice (whether or not a payment is made by the relevant Group Company in lieu of all or part of the notice period required to be given by the relevant Group Company in respect of such termination);
- (b) where a contract of employment or directorship or consultancy is terminated by the employee, director or consultant by giving notice to the relevant Group Company of the termination of the employment or directorship or consultancy, the date of that notice;
- (c) save as provided in Article 10.7(a), where a Group Company or employee, director or consultant wrongfully repudiates the contract of employment, consultancy or directorship and the other accepts that the contract of employment, consultancy or directorship has been terminated, the date of such acceptance;
- (d) where a contract of employment, consultancy or directorship is terminated under the doctrine of frustration, the date of the frustrating event; and
- (e) where a contract of employment or directorship or consultancy is terminated for any reason other than in the circumstances set out in Articles 10.7(a) to 10.7(d) above, the date on which the action or event giving rise to the termination occurs.

10.8 **"Fair Value"** for the purposes of these Articles means as agreed between the Board (with the approval of an 'A' Investor Majority) and the Compulsory Seller or, in the absence of agreement within 21 days of the date of service of the Compulsory Sale Notice, by the Independent Experts in accordance with Article 10.9.

10.9 If agreement of the Fair Value cannot be reached between the Board (with the approval of an 'A' Investor Majority) and the Compulsory Seller within 21 days of the date of service of the relevant Compulsory Sale Notice, then the Fair Value shall be determined by a firm of independent accountants, either agreed by the Board and the Compulsory Seller (with the approval of an 'A' Investor Majority) or, in the event of their failure to agree within 28 days of the date of service of the Compulsory Sale Notice, as shall be nominated by the President for the time being of the Institute of Chartered Accountants in England and Wales (**"the Independent Experts"**). The Independent Experts shall be instructed to determine and certify the Fair Value on the basis which, in their opinion, represents a fair price for each Compulsory Sale Share as at the date of service of the Compulsory Sale Notice. In so determining and certifying, the Independent Experts shall:

- (a) not take into account the proportion of the relevant class of Shares (or of all the issued Shares) which the Compulsory Sale Shares represent;
- (b) value the Compulsory Sale Shares as on an arm's length sale between a willing seller and a willing purchaser in accordance with current accounting practice on a going concern basis;
- (c) assume that the Compulsory Sale Shares can be transferred without restriction.

The Independent Experts shall act hereunder as experts and not as arbitrators and (in the absence of manifest error) their determination shall be final and binding on all persons concerned and (in the absence of fraud) they shall be under no liability to any such person.

by reason of their determination or certificate or by anything done or omitted to be done by them for the purpose thereof or in connection therewith. The costs of the Independent Experts shall be borne as they shall determine.

- 10.10 In the event that the Company requires the Sale Shares to be offered to an employee trust the Company shall fund the acquisition of the Sale Shares by the employee trust subject to such funding being available and lawful. Any compulsory sale shares acquired by the employee trust will at any time subsequently and when required by the Board be transferred free of the pre-emption provisions contained in Article 9 to any new manager at such price as the Company may approve.

11. DRAG ALONG

- 11.1 Subject to Article 9, a Shareholder or group of Shareholders who together hold more than 50% of the entire issued share capital of the Company (under this Article 11 "**the Selling Shareholder(s)**") shall have the right (the "**Drag Along Right**") to require all of the other Shareholders (irrespective of class) (the "**Called Shareholders**") to facilitate a bona fide sale of all the issued Shares to any person (other than a Shareholder or any person connected with any Shareholder or connected with any brother, sister, parent or child (within the meaning of the Income and Corporation Taxes Act 1988 section 228) of any Shareholder) (the "**Third Party**") by the transfer to such Third Party of all of the Shares held by the Called Shareholders subject to compliance with this Article 11.
- 11.2. The Drag Along Right may be exercised by the Selling Shareholder(s) serving notice to that effect (the "**Drag Along Notice**") on the Called Shareholders specifying that each Called Shareholder is required to transfer all its Shares pursuant to this Article (the "**Called Shares**") and specifying the price per Share offered by the Third Party.
- 11.3 A Drag Along Notice once given shall be irrevocable but shall lapse (and the obligations thereunder shall lapse) in the event that for any reason the Selling Shareholder(s) does not transfer its/their Shares to the Third Party within 45 days from the date of the Drag Along Notice.
- 11.4 The Called Shareholders shall be obliged to sell the Called Shares only on terms that they shall be entitled to receive for their holdings of Shares a sum per Share equal to the sum per Share received by the Selling Shareholder(s) (and in the event of the Selling Shareholder(s) receiving a non-cash sum, the Called Shareholders' entitlement shall be to receive the same non-cash sum per share as is received by the Selling Shareholder(s)) (the "**Drag Along Price**"). The Called Shareholders shall be obliged to sell their Called Shares with full title guarantee free from any charge, lien or other encumbrance and with all rights attached thereto as at the date of the Drag Along Notice or arising thereafter but shall not otherwise be required to give any warranties or indemnities or enter into any other obligation with the Third Party.
- 11.5. Upon the exercise of the Drag Along Right in accordance with this Article each of the Called Shareholders shall be bound to sell its Called Shares for the Drag Along Price and otherwise in accordance with this Article 11.
- 11.6. Completion of the sale of the Called Shares shall take place on the date specified for that purpose by the Selling Shareholder(s) to the Called Shareholders save that:
- (a) the Selling Shareholder(s) may not specify a date that is less than 14 days after the date of the Drag Along Notice; and

- (b) the date so specified by the Selling Shareholder shall be the same date as the date proposed for completion of the sale of his/their Shares,

unless in the case of the sale by any particular Called Shareholder that Called Shareholder and the Selling Shareholder(s) otherwise agree.

11.7 In the event that any Called Shareholder fails to complete the sale of any of the Called Shares in accordance with this Article 11 the Board may authorise some person to execute a transfer of the Called Shares to the Third Party (or as it may direct) and the Company may give a good receipt for the purchase price of such Called Shares and may register the Third Party as holder thereof and issue to it (or as it may direct) certificates for the same whereupon the Third Party shall be indefeasibly entitled thereto. The Called Shareholder shall in such case be bound to deliver up its certificates for the Called Shares to the Company whereupon the Called Shareholder shall be entitled to receive the Drag Along Price which shall in the meantime be held by the Company on trust for the Called Shareholder but without interest.

11.8 If a Sale arises following the service of a Drag Along Notice pursuant to the foregoing provisions of this Article 11 then, notwithstanding anything contained in this Article 11, the Sale Proceeds shall ultimately be receivable by the Shareholders as provided in Article 4.2.

12. TAG ALONG

12.1 No transfer of Shares which would result, if made and registered, in a person or persons Acting in Concert obtaining or holding more than 50% of the Shares will be made or registered unless:

- (a) an Approved Offer is made by the proposed transferee(s) ("**Buyer**"); and
- (b) the Buyer complies in all respects with the terms of the Approved Offer at the time of completion of the sale and purchase of Shares pursuant to it.

12.2 For the purposes of this Article 12:

- (a) "**Approved Offer**" means an offer in writing served on all Shareholders offering to purchase all the Shares held by such Shareholders (including any Shares which may be allotted pursuant to the exercise or conversion of options, rights to subscribe for or securities convertible into Shares in existence at the date of such offer) which:
- (i) is stipulated to be open for acceptance for at least 21 days;
- (ii) offers the same or equivalent consideration for each Share (whether in cash, securities or otherwise in any combination);
- (iii) includes an undertaking by or on behalf of the Buyer that no other consideration (whether in cash or otherwise) is to be received or receivable by any Shareholder which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the Shares to be sold by such Shareholder that neither the Buyer nor any person Acting in Concert with it has

otherwise entered into more favourable terms or has agreed more favourable terms with any other member for the purchase of Shares; and

(iv) is on terms that the sale and purchase of Shares in respect of which the offer is accepted will be completed at the same time.

(b) "Acting in Concert" shall have the meaning given to such expression in the City Code on Take-overs & Mergers as amended from time to time.

12.3. If a Sale arises following an Approved Offer pursuant to the foregoing provisions of this Article 12 then, notwithstanding anything contained in this Article 12, the Sale Proceeds shall ultimately be receivable by the Shareholders as provided in Article 4.2.

13. INFORMATION CONCERNING SHAREHOLDINGS AND TRANSFERS

For the purpose of ensuring that a particular transfer of Shares lodged for registration is permitted under, or made in accordance with, these Articles, or that no circumstances have arisen whereby a Transfer Notice is or may be required to be given hereunder, or that any proposed sale is bona fide and on the terms stated in the transfer documents with no rebate or allowances, the Board may from time to time require any Shareholder or any person named as transferee in the transfer lodged for registration to furnish to the Company such information or evidence as the Board may think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the Board within a reasonable time after such request being made, the Board shall be entitled to refuse to register the transfer in question or (if no transfer is in question) to declare that the Shareholder in question is a Defaulting Shareholder.

14. PROCEEDINGS AT GENERAL MEETINGS

14.1 No business shall be transacted at any general meeting unless the requisite quorum is present at the commencement of the business and also when such business is voted upon. Two Shareholders present in person or by proxy shall be a quorum for all purposes. A corporation being a member shall be deemed to be personally present if represented in accordance with the provisions of section 375 of the Act.

14.2 Where an Ordinary Resolution of the Company is expressed to be required for any purpose, a Special or Extraordinary Resolution is also effective for that purpose, and where an Extraordinary Resolution is expressed to be required for any purpose, a Special Resolution is also effective for that purpose.

14.3 A poll may be demanded at any general meeting by the chairman or by any member present in person or by proxy and entitled to vote. Regulation 46 shall be modified accordingly.

14.4 A resolution in writing executed or approved by telefax by or on behalf of the holders of all the issued Shares shall be as valid and effectual as if the same had been duly passed at a general meeting and may consist of several documents in the like form, each executed by or on behalf of one or more persons. In the case of a corporation, the resolution may be signed on its behalf by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative. Regulation 53 shall be modified accordingly.

14.5 Regulation 41 shall be amended by the addition of the following words at the end of that regulation:

"If within half an hour of the time appointed for the holding of an adjourned meeting a quorum is not present, the meeting shall be dissolved".

- 14.6 The Chairman at any general meeting shall not be entitled to a second or casting vote.
- 14.7 Regulation 56 shall be modified by the substitution of the words "one hour" in place of "48 hours".
- 14.8 Regulation 57 shall be modified by the inclusion after the word "shall" of the phrase, unless the directors otherwise determine".
- 14.9 Regulation 59 shall be modified by the addition at the end of the following sentence:

"The deposit of an instrument of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it."
- 14.10 Regulation 62 shall be modified by the deletion in paragraph (a) of the words "deposited at" and by the substitution therefor the words "left at or sent by post or facsimile transmission to", by the substitution in paragraph (aa) of the words "one hour" in place of "48 hours", by the substitution in paragraph (a) of the words "one hour" in place of "48 hours" and by the substitution in paragraph (b) of the word "one hour" in place of "24 hours".

15. ALTERNATE DIRECTORS

- 15.1 Any Director shall be entitled to appoint any person willing to act, whether or not he is a director of the Company or approved by a resolution of the directors, to be an alternate director. Regulation 65 is modified accordingly.
- 15.2 An alternate director shall be entitled:
 - (a) subject to his giving the Company an address within the United Kingdom at which notice may be served upon him, to receive notice of all meetings of the Board and of all meetings of committees of the Board of which his appointor is a member, save that it shall not be necessary to give notice of such meeting to an alternate director who is absent from the United Kingdom;
 - (b) to attend, be counted in the quorum for and vote at any such meeting at which the director appointing him is not personally present; and
 - (c) generally at such meeting to perform all the functions of his appointor as a director in his absence.
- 15.3 If an alternate director is himself a director or attends any such meeting as an alternate director for more than one director, then his voting rights shall be cumulative, but he shall only be counted once in deciding whether a quorum is present.
- 15.4 An alternate director shall cease to be an alternate director if his appointor ceases to be a director.
- 15.5 Any appointment or removal of an alternate director shall be by notice to the Company signed by the director making or revoking the appointment and delivered to the Company at its registered office or to a meeting of the Board or delivered in any other manner approved by the directors.

- 15.6 An alternate director shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him, except in relation to matters in which he acted (or failed to act) on the direction or at the request of his appointer.
- 15.7 Save as otherwise provided in these Articles, an alternate director shall not have power to act as a director nor shall he be deemed to be a director for the purposes of these Articles. However, such an alternate director shall owe the Company the same fiduciary duties and duty of care and skill in the performance of his office as are owed by a director.
- 15.8 An alternate director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent *mutatis mutandis* as if he were a director but he shall not be entitled to receive from the Company in respect of his appointment as an alternate director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor such appointor may by notice in writing to the Company from time to time direct.
- 15.9 Regulations 66 to 69 shall not apply to the Company.

16. INVESTOR DIRECTORS

- 16.1 The 'A' Investor Majority shall have the right to appoint a non-executive director to the Board. Such right may be exercised from time to time by written notice to the Company (signed on behalf of the holders of 'A' Ordinary Shares who represent an 'A' Investor Majority) and shall take effect (subject to any contrary intention expressed in the notice) immediately upon delivery of the same to the registered office of the Company or to a meeting of the Board or delivered to the Company in any other manner approved by the Board. An 'A' Investor Majority may in the same way also remove any such director and appoint a replacement.
- 16.2 Upon written request by an 'A' Investor Majority, the Company shall procure that the A Director is forthwith appointed as a director of any Group Company or to any committee of the Board or of the board of any Group Company.
- 16.3 Regulation 81(e) shall not apply to the A Director.
- 16.4 The Board will ensure that the A Director (if appointed) is given at least 5 Business Days' prior written notice of meetings of the Board or any committee thereof together with all appropriate notices, agendas and papers prepared for such meetings which are distributed to any of the directors of any Group Company in respect of the relevant meeting.
- 16.5 The A Director shall be permitted to bring an adviser to any meeting of the Board (or committee thereof) to advise in relation to any matter which may arise.
- 16.6 Notice of meetings of the Board shall be served on an A Director who is absent from the United Kingdom at the address notified by him to the Company for this purpose. Regulation 88 of Table A shall be modified by the exclusion of the third sentence and the substitution for it of the following sentence:

"Every director shall receive notice of a meeting, whether or not he is absent from the United Kingdom. A director may waive the requirement that notice be given to him of a Board meeting either prospectively or retrospectively."

17. DIRECTORS

- 17.1. The Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.
- 17.2. Unless and until determined otherwise by special resolution of the Company the minimum number of directors shall be two and there shall be no maximum number.
- 17.3. The directors shall not be subject to retirement by rotation. Regulations 73 to 75 and the last two sentences of Regulation 79 shall not apply and Regulations 76, 77, 78 and 80 shall be modified accordingly.
- 17.4. Without prejudice to the first sentence of Regulation 89, a meeting of the Board or of a committee of the Board may consist of a conference between directors who are not all in one place, but of whom each is able (directly or by telephonic or audiovisual communication) to speak to each of the others, and to be heard by each of the others simultaneously; and the word "meeting" in these Articles shall be construed accordingly. Any such meeting shall be deemed to take place at the location of the chairman or, if a chairman has not been appointed, the location where the majority of directors are present.
- 17.5. A resolution in writing signed (or approved by fax) by all the directors shall be as valid and effectual as if it had been passed at a meeting of Board duly convened and held and may consist of several documents in the like form each signed by one or more directors; but a resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity. Regulation 93 shall not apply.
- 17.6. A director may vote at a meeting of the Board or of a committee of the Board on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company, provided that he has disclosed to the Board the nature and extent of any material interest or duty, unless, in any case, such resolution relates to a claim by the Company against him or a person connected with him (within the meaning of Income and Corporation Taxes Act 1988 section 228) where he may not vote nor be reckoned in determining a quorum but shall be entitled to attend the meeting at which the matter is discussed. Regulation 94 shall be modified accordingly.
- 17.7. Regulation 89 shall not apply to the Company. A quorum for all meetings of the Board shall be two directors present either in person or by a duly appointed alternate.
- 17.8. The Chairman of the Board shall not be entitled to a second or casting vote.
- 17.9. Save with the consent of an A Director has been appointed at the relevant time, the Board shall not delegate any of its powers to a committee.

18. INDEMNITY

- 18.1. Without prejudice to any indemnity to which such officer may otherwise be entitled, every director, auditor, secretary or other officer of the Company shall be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings, civil or criminal, which related to anything done or omitted or alleged to have been done or omitted by him as an officer or employee

of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in consequence with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court. Regulation 118 shall not apply.

- 18.2 The Company may, to the fullest extent permitted by law, purchase and maintain for any director, secretary or other officer of the Company insurance against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.