

Company No. 05134454



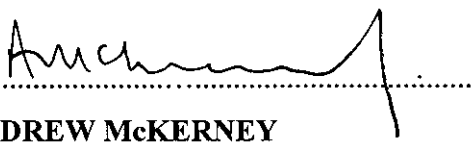
THE COMPANIES ACTS 1985-1989
PRIVATE COMPANY LIMITED BY SHARES
WRITTEN RESOLUTIONS
of
PARKINGEYE LIMITED (the "Company")

DATED: 17/9/04 2004

I, the undersigned, being the sole member of the Company entitled to receive notice of and to attend and vote at a general meeting of the Company in respect of the Resolutions set out below do hereby agree to and make the following Written Resolutions pursuant to Regulation 53 of Table A in the Schedule to the Companies (Table A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amended) Regulations 1985 which shall have effect as Written Resolutions and be as valid and effective for all purposes as if the same had been duly passed at a general meeting of the Company duly convened and held:

1. That the one subscriber share in issue in the capital of the Company (being the current entire issued share capital of the Company) and the 99 Ordinary Shares of £1 each in the current entire authorised share capital of the Company be and hereby are divided and re-classified into 10,000 A Ordinary Shares of one pence each, such shares having the respective rights and being subject to the respective restrictions attaching thereto pursuant to the Articles of Association of the Company to be adopted pursuant to resolution 4 below.
2. That the entire authorised share capital of the Company be and it is hereby increased from £100 to £575,700.01 by the creation of 560,000 A Ordinary shares of 1 pence each, 570,000 B Ordinary Shares of £1 each and 1 C Ordinary Share of 1 pence, such shares having the rights and being subject to the restrictions for shares of that class as set out in the Articles of Association of the Company to be adopted pursuant to resolution 4 below.
3. That:

- 3.1 the Directors of the Company be and they are hereby authorised pursuant to section 80 of the Companies Act 1985 generally and unconditionally to exercise each and every power of the Company to allot relevant securities (as defined in that section) up to a maximum amount in nominal value which when aggregated with the nominal value of all ordinary shares in issue on the date of this Resolution shall equal £575,700.01 such authority to expire eighteen months from the date hereof;
- a. the Company be and it is hereby allowed to make before the authority conferred by this Resolution has expired one or more offers or agreements which would or might require relevant securities (as so defined) to be allotted after this authority has expired and the Directors be and they are hereby permitted to allot relevant securities (as so defined) after the authority conferred by this Resolution has expired in pursuance of each and every such offer or agreement made by the Company; and
- b. the authority conferred by this Resolution be and it is in substitution for each (if any) other authority already given pursuant to the said section 80 and each (if any) such earlier authority is hereby revoked but without prejudice to the validity of any allotment, offer or agreement made pursuant to any such earlier authority before the date upon which this Resolution is passed.
4. That the regulations contained in the printed document annexed hereto be and they are hereby adopted as the new Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles of Association of the Company.



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ANDREW McKERNEY

Company Number: 05134454

**THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES**

**NEW ARTICLES OF ASSOCIATION
OF
PARKINGEYE LIMITED**

(as adopted by special resolution passed on 17 September 2004)

**Brabners Chaffe Street
Brook House
77 Fountain Street
Manchester
M2 2EE**

Tel No: 0161 236 5800

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Ref: CER/CMB/N074-1-9

Company Number: 05134454

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
NEW ARTICLES OF ASSOCIATION
PARKINGEYE LIMITED

1. PRELIMINARY

1.1 The regulations contained in Table A as prescribed by the regulations made under the Act in force at the date of adoption of these Articles of Association (hereinafter referred to as "**Table A**") shall apply to the Company insofar as these Articles do not exclude or modify Table A. Any reference herein to any regulation is to that regulation as set out in Table A.

1.2 In these Articles, the following words and expressions have the following meanings:

"Act"	the Companies Act 1985 including every statutory modification or re-enactment thereof for the time being in force
"A Directors"	Andrew McKerney and David Taylor, in the first instance
"acting in concert"	has, at any time, the meaning set out in the current edition of The City Code on Takeovers and Mergers at that time
"A Ordinary Shares"	the class of A ordinary shares of 1 pence each in the capital of the Company with the rights and obligations attaching thereto pursuant to these Articles
"Auditors"	the auditors for the time being of the Company
"Bank Facilities"	means any facilities to be made available to the Company by its bank pursuant to the Banking Documents
"Banking Documents"	the facility and security documentation relating to the Bank Facilities

"Board"	the board of Directors of the Company for the time being
"B Ordinary Shares"	the class of B ordinary shares of £1 each in the capital of the Company with the rights and obligations attaching thereto pursuant to these Articles
"Change of Control"	the acquisition whether by purchase, transfer, renunciation or otherwise of shares in the Company as a result of which any person or persons Connected with each other or persons acting in concert with each other (in each case other than as a result of a transfer permitted under Article 9) would obtain control over that number of shares in the Company which in aggregate confers 50% or more of the voting rights normally exercisable at General Meetings of the Company
"Completion"	has the meaning given in the Investment Agreement
"Connected"	has the meaning given by Section 839 of the Income and Corporation Taxes Act 1988
"C Ordinary Share"	the one C ordinary share of 1 pence in the capital of the Company with the rights and obligations attaching thereto pursuant to these Articles
"Directors"	the directors for the time being of the Company or a quorum of such directors present at a duly convened meeting of the directors
"Dismissal Without Cause"	the termination by the Company of the Director's service contract (not being an Investor Director) in the absence of any material breach by the Director of the terms of such service contract
"D Ordinary Shares"	the class of D ordinary shares of £1 each in the capital of the Company with the rights and obligations attaching thereto pursuant to these Articles
"Investment Agreement"	the investment agreement entered into on or around the date of adoption of these Articles

	and made between the Company, the Directors (as defined therein) the Investors and G. Whitaker & Co. Limited (in case of any disagreement between these Articles and the Investment Agreement, the Investment Agreement shall take priority).
"Investor Directors"	the directors nominated by the NWSF, Simon Smith and Ian Hepworth
"Investor Majority"	the holders for the time being of more than 75% by nominal value of the B Ordinary Shares
"Investors"	the NWSF, Simon Smith and Ian Hepworth
"Listing"	means either: (a) the admission by the Financial Services Authority in its capacity as the UK Listing Authority of any of the share capital to the Official List, and such admission becoming effective; or (b) the admission by London Stock Exchange plc of any of the share capital to trading on the Alternative Investment Market, and such admission becoming effective; or (c) admission of any of the share capital on a recognised investment exchange (within the meaning of section 285 of the Financial Services and Markets Act 2000);
"Member of the same Group"	in relation to a member which is a body corporate any other body corporate which is a group undertaking (as defined by section 259(b) of the Act
"NWSF"	North West Seed Fund (a limited partnership registered with number LP 8855) of City Wharf, New Bailey Street, Manchester, M3 5ER
"Ordinary Shares"	together, the A Ordinary Shares, the B Ordinary Shares and the C Ordinary Shares
"Privileged Relation"	the spouse or widow or widower of the member and the member's adult children and

adult grandchildren (including adult step and adopted adult children and their adult issue)

"Relevant Shares"

(so far as the same remain for the time being held by the trustees of any Family Trusts or by any Transferee Company) the Shares originally acquired by such trustees or Transferee Company and any additional Shares issued to such trustees or Transferee Company by way of capitalisation or acquired by such trustees or Transferring Company 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

"Sale"

the disposal (by one transaction or a series of transactions) of a substantial part of the business and undertaking of the Company or any of its subsidiaries

"Serious Ill Health"

the physical or mental deterioration of a director (who is not an Investor Director) which, in the opinion of the Investors, is sufficiently serious to prevent such director from following his normal employment or which seriously prejudices his earning capacity in the opinion of a suitably qualified general medical practitioner appointed with the agreement of such director and the Company, or, in default of such an agreement, nominated by the President for the time being of the Royal College of General Practitioners.

"Shares"

all of the Ordinary Shares of any class for the time being in issue

"Shareholders"

the holders for the time being of the Shares

"Transfer Notice"

a notice in accordance with Article 11 that a member desires to transfer Shares

"Transferee Company"

a body corporate for the time being holding Shares in consequence, directly or indirectly, of a transfer or series of transfers between Members of the same Group (the relevant Transferor company in the case of a series of such transfers being the first transferor in such series)

2. SHARES

- 2.1 At the date of adoption of these Articles, the authorised share capital of the Company is £575,700.01 divided into:
- 2.1.1 570,000 A Ordinary Shares of 1 pence each;
 - 2.1.2 570,000 B Ordinary Shares of £1 each; and
 - 2.1.3 1 C Ordinary Share of 1 pence;
- 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 member 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.

3. ISSUE OF SHARES

- 3.1 Section 89(1) and sub-sections (1) to (6) of section 90 of the Act shall apply to the Company.
- 3.2 The one C Ordinary Share in issue shall always represent 4% of the equity shares in the Company. Upon a further issue of A Ordinary Shares, B Ordinary Shares, or any allotment of a new class of equity shares, the C Ordinary Share shall continue to represent 4% of the equity shares in the Company.

SHARE RIGHTS

4. DIVIDENDS

- 4.1 The profits of the Company available for distribution shall be used to pay dividends to the holders of the A Ordinary Shares, the B Ordinary Shares and the C Ordinary Share.
- 4.2 Every dividend shall be distributed to the appropriate shareholders pro rata according to the percentage of equity shares of whatever class held by them respectively and shall accrue on a daily basis. All dividends are expressed net and shall be paid in cash.

5. RETURN OF CAPITAL

- 5.1 If, during the 12 months from Completion, the Company goes into liquidation, the capital available for payment to Shareholders will be paid to the holders of the

Ordinary Shares pro rata to the nominal value per share at that time and the surplus pari passu amongst all of the holders of the Ordinary Shares pro rata to their shareholding as though the Shares were all of the same class. In circumstances where the capital available for repayment is less than the amount necessary to repay the full nominal value of the entire issued share capital, each shareholder will be paid a percentage of the nominal value of their Ordinary Shares equating to the percentage of the total investment capital that they have invested in the Company.

- 5.2 Subject to Article 5.1, on a return of assets on liquidation after the expiry of 12 months from Completion, a capital reduction or on a Sale or Listing or otherwise, the capital of the Company remaining after the payment of its liabilities shall be paid pari passu amongst all of the holders of the Ordinary Shares pro rata to the amount of shares held regardless of the class of shares held.

6. VOTING

- 6.1 Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with this Article (and in particular, Article 6.3) and subject always to the effect of the provisions of Article 15, shares in the Company will carry votes as follows:

A Ordinary Shares	:	one vote per share
B Ordinary Shares	:	one vote per share
C Ordinary Share	:	no votes per share
D Ordinary Shares	:	one vote per share, but such votes shall always be cast in favour of a majority of the votes of the A Ordinary Shares and the B Ordinary Shares

- 6.2 Votes on shares may be exercised:

- 6.2.1 on a show of hands by every member who (being an individual) is present in person or (being a corporation) is present by a representative (in which case each member holding shares with votes shall have one vote);
- 6.2.2 on a poll by every member 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 member holding shares with votes shall have one vote for each such share held).

- 6.3 In the event that:

- 6.3.1 the Company is in breach of any of the Banking Documents including any Event of Default (as defined in the Banking Documents); or
- 6.3.2 any amount payable by the Company under the Bank Facilities has become payable in advance of its stated payment date; or

6.3.3 there is a persistent or material breach of the Investment Agreement by the Company or any of the Directors (as defined in the Investment Agreement):

then the Investors may at any time serve notice in writing upon the Company that the holders of the B Ordinary Shares shall have nine votes for each B Ordinary Share held by them and the provisions of Article 6.4 will apply.

- 6.4 In the event that Article 6.3 applies, the Investors shall have power at any time, and from time to time, to appoint any number of persons to be directors of the Company or to remove from office any such persons appointed. Any such appointment or removal shall be made by notice in writing to the Company.
- 6.5 The enhanced voting rights attached to the B Ordinary Shares outlined in Articles 6.3 shall be exercisable at any time after any of the events referred to in the paragraphs of Article 6.3 shall have occurred provided that such enhanced voting rights shall continue only until the payment of all such amounts then overdue or until such other breach is waived or otherwise remedied. For the purposes of Article 6.3 only, a payment of dividend shall be deemed to be due notwithstanding any prohibition or restriction in the Group's Bank Facilities.

7. VARIATION OF CLASS RIGHTS

Whenever the share capital of the Company is divided into different classes of share, the special rights attached to any such 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% 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 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

8. GENERAL

- 8.1 Subject to Article 10, Shares may be transferred by transfer in writing in usual common form or in any other form approved by the Directors. The instrument of transfer shall be signed by or on behalf of the transferor and, when the share is not fully paid, shall also be signed by the transferee.
- 8.2 The Directors may in their absolute discretion and without assigning any reason therefor refuse to register any transfer of Shares not fully paid or over which the Company has a lien. The Directors may also refuse to register a transfer of Shares, whether fully paid or not, in favour of more than four persons jointly.
- 8.3 The Directors may decline to recognise any instrument of transfer unless the instrument of transfer is duly stamped and is in respect of only one class of share and is accompanied by the relevant share certificate and such other evidence as the

Directors 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 which are registered may be retained by the Company.

9. PERMITTED TRANSFERS

9.1 Subject to the provisions of this Article 9 but notwithstanding the provisions of Article 10 any Shares (other than any Shares in respect of which the holder shall have been required by the Directors under these Articles to give a Transfer Notice or shall have been deemed to have given a Transfer Notice) may be transferred with the consent of the Investors :

9.1.1 by an individual member (not being in relation to the Shares concerned a holder thereof as a trustee of any Family Trusts) to a Privileged Relation of such member (provided such Privileged Relation signs a Deed of Adherence in connection with the Investment Agreement); or

9.1.2 by any member being a body corporate to a Member of the same Group as the Transferor Company (provided such Member of the same Group signs a Deed of Adherence in connection with the Investment Agreement)

provided that in the case of any transfer under Article 9.1.1 or 9.1.2 (and, for the avoidance of doubt, excluding a transfer pursuant to Article 9.4), the member continues to hold over 50% of the shares held by him as at the date of adoption of these Articles and votes in connection with the shares are controlled through him.

9.2 If a person to whom Shares have been transferred pursuant to Article 9.1.1 shall cease to be a Privileged Relation, such person shall be bound (unless the Investors consent otherwise) to give a Transfer Notice in respect of the Shares concerned.

9.3 If a Transferee Company ceases to be a Member of the same Group as the Transferor Company from which (whether directly or by a series of transfers under Article 9.1.3) the Relevant Shares derived, it shall be the duty of the Transferee Company to notify the Directors in writing that such event has occurred and (unless the Relevant Shares are thereupon transferred to the Transferor Company or a Member of the same Group as the Transferor Company, any such transfer being deemed to be authorised under the foregoing provisions of this Article) the Transferee Company shall be bound (unless the Investors consent otherwise) to give a Transfer notice in respect of the Relevant Shares.

9.4 Any B Ordinary Shares held by the NWSF may be transferred:

9.4.1 to the investment fund for whom such shares are held; or

9.4.2 to another investment fund which is managed or advised by the same manager or adviser as the transferor or by a manager or adviser which is a member of the same group as the transferor's manager or adviser; or

- 9.4.3 to any unit holder, shareholder, partner or participant in, or manager or adviser (or an officer or employee, past or present, of such partner, manager or adviser) of that investment fund; or
- 9.4.4 to any custodian or nominee or other person so authorised.
- 9.5 Subject to Article 9.4, any B Ordinary Shares may, with the consent of the Investors, be transferred to any person, body or firm or partnership whose business comprises to a material extent the holding for investment purposes of securities in and/or the provision of debt and other financial facilities to United Kingdom unlisted companies and includes any subsidiary, nominee, custodian or manager used by any such person, firm or partnership to hold such investments or to make available such facilities.

10. PRE-EMPTION ON TRANSFER

- 10.1 The right to transfer Shares or any interests in Shares shall be subject to the following restrictions and provisions. References in this Article 10 to Shares or Sale Shares shall include any interest in and grant of contractual rights or options over or in respect of such Shares.
- 10.2 Any Shareholders (the "**Proposing Transferor**") proposing to transfer any Shares (the "**Sale Shares**") other than on the death of the Proposing Transferor, shall be required before effecting, or purporting to effect the transfer, to give a notice in writing to the Company that he desires to transfer the Sale Shares and specifying the price at which he is prepared to sell the Sale Shares in accordance with the following provisions of this Article 10. The Transfer Notice shall constitute the Company his agent for the sale of Sale Shares (together with all rights then attached thereto) during the Prescribed Period (as defined in Article 10.6) to any Shareholders on the basis set out in the following provisions of this Article 10 and shall not be revocable except with the consent of the Directors.
- 10.3 The Sale Shares shall be offered for purchase in accordance with this Article 10.3 at a price per Sale Share (the "**Sale Price**") as agreed between the Proposing Transferor and the Directors (with the consent of the holders of all of the A Ordinary Shares and B Ordinary Shares) or, failing such agreement, within 21 days after the date of the Transfer Notice, as determined pursuant to Article 10.4.
- 10.4 If agreement of the Sale Price cannot be reached in accordance with Article 10.3, then the Directors shall within 7 days refer the matter to the Auditors and the Auditors shall within 60 days determine and certify the sum per share considered by them to be the fair value thereof as at the Notice Date. In so determining and certifying, the Auditors shall:
 - 10.4.1 not take into account the proportion of the relevant class of shares which the Sale Shares represent;
 - 10.4.2 value the Sale Shares as on an arm's length sale between a willing seller and a willing purchaser;
 - 10.4.3 assume that the Sale Shares can be transferred without restriction.

The Auditors shall act hereunder as experts and not as arbitrators and 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.

- 10.5 The Company shall offer the Sale Shares for purchase at the Sale Price by a written Offer Notice (the "**Offer Notice**") given within 21 days after the Sale Price is agreed or determined under Article 10.4 (the "**Notice Date**") to the persons (other than the Proposing Transferor) who, on the Notice Date, were the registered holders of Shares in the Company on terms that the Sale Shares shall be sold to the acceptors in proportion (as nearly as may be without involving fractions or increasing the number sold to any member beyond that applied for by him) to their existing holdings of Shares (and the shareholding of the Proposing Transferor shall be ignored for the purpose of calculating this proportion). Any Shares which are not accepted pursuant to the offer contained in the Offer Notice will be offered by the Company by a further written notice (the "**Further Notice**") given within 21 days of the date of the Offer Notice to those Shareholders whom accepted Shares pursuant to the offer contained in the Offer Notice, such second offer to be in proportion to their holdings of Shares as increased by their acceptance of the offer contained in the Offer Notice (again, for the purpose of calculating the relevant proportion, ignoring the Proposing Transferor's shareholding and also ignoring the shareholdings of any Shareholders who did not accept the offer contained in the Offer Notice pursuant to this Article 10.5).
- 10.6 The period during which the relevant Shareholder may accept the offer contained in the Offer Notice shall commence on the date of the Offer Notice and terminate 14 days thereafter. The period during which a relevant shareholder may accept the offer contained in the Further Notice shall commence on the date of Further Notice and terminate 14 days thereafter. The aggregate of the periods referred to in this Article 10.6 shall be referred to in total as the "**Prescribed Period**".
- 10.7 Any Shares not accepted by any of the members pursuant to the foregoing provisions of this Article 10 by the end of the last day of the Prescribed Period may be offered by the Proposing Transferor to such persons as he may think fit for purchase at a price not less than the Sale Price for a period of three months commencing on the day after the day on which the Prescribed Period terminates.
- 10.8 After the expiry of the Prescribed Period, the Directors shall allocate the Sale Shares in accordance with the acceptances received on the basis set out in Article 10.5. The Directors shall within 7 days of the expiry of the Prescribed Period give notice in writing (the "**Sale Notice**") to the Proposing Transferor and to each accepting Shareholder (each a "**Purchaser**") specifying the name and address of each Purchaser, the number of Sale Shares agreed to be purchased by him and the aggregate price payable for them.
- 10.9 Completion of a sale and purchase of Sale Shares pursuant to a Sale Notice shall take place at the registered office of the Company at the time specified in the Sale Notice (being not less than 3 days nor more than ten days after the date of the Sale Notice) when the Proposing Transferor, upon payment to him by a Purchaser of the Sale Price in respect of the Sale Shares allocated to that Purchaser, shall transfer those Sale Shares and deliver the relevant share certificates to that Purchaser.

- 10.10 If a Proposing Transferor shall fail or refuse to transfer any Sale Shares to a Purchaser(s) hereunder the Directors may authorise some person to execute and deliver on his behalf the necessary transfer and the Company may receive the purchase money in trust for the Proposing Transferor and cause the Purchaser(s) to be registered as the holder(s) of such shares. The receipt of the Company for the purchase money shall constitute a good discharge to the Purchaser(s) (who shall not be bound to see to the application thereof) and after the Purchaser(s) has been registered in purported exercise of the aforesaid powers and validity of the proceedings shall not be questioned by any person. The Company shall not pay the purchase money to the Proposing Transferor until he shall have delivered his share certificate(s) or a suitable indemnity and the necessary transfers to the Company.

11. COMPULSORY TRANSFERS

- 11.1 In this Article 11, a "**Transfer Event**" means in relation to any member:

- 11.1.1 a member who is an individual becoming bankrupt;
- 11.1.2 a member who is or was previously a director or employee of a member of the Group (except the Investor Directors) ceasing to hold such office or employment and as a consequence no longer being a director or employee of any member of the Group;
- 11.1.3 a member who is an individual being in persistent or material breach of the Investment Agreement.

- 11.2 Upon the happening of any Transfer Event, the member in question (the "**Vendor**") and any other member who has acquired Shares from him under a permitted transfer (directly or by means of a series of two or more permitted transfers) shall (unless a majority of the Board with the prior written consent of the Investor Majority resolve otherwise) be deemed to have immediately given a Transfer Notice in respect of all the Shares then held by them and which in the case of a transferee of shares were the Shares received directly or indirectly from the member who is the immediate subject of the Transfer Event (a "**Deemed Transfer Notice**"). 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.

- 11.3 The Shares the subject of any Deemed Transfer Notice shall be offered for sale in accordance with Article 10 as if they were Sale Shares in respect of which a Transfer Notice had been given save that:

- (a) a Deemed Transfer Notice shall be deemed to have been given on the date of the Transfer Event or, if later, the date of notification to the Company by the Investor Directors that the relevant event is a Transfer Event;
- (b) subject to article 11.5, the Sale Price shall be a price per Sale Share agreed between the Vendor, the Board and the Investor Directors or, in default of

agreement, within 21 days after the date of the Transfer Event, the Fair Value (as defined in article 11.8);

- (c) a Deemed Transfer Notice shall be irrevocable;
 - (d) the Vendor may retain any Sale Shares for which Purchasers are not found or, after the expiry of the relevant Offer Notice and with the prior written approval of the Investor Directors, sell all or any of those Sale Shares to any person (including any member) at any price per Sale Share which is not less than the Sale Price;
 - (e) the Sale Shares shall be sold together with all rights attaching thereto as at the date of the Transfer Event.
- 11.4 Any shares offered for sale by reason of a transfer pursuant to Article 11.1 shall be offered to the Company within 7 days of the rejection or lapsing of an offer pursuant to Article 11.3. .
- 11.5 The Sale Price for any Sale Shares which are the subject of a Deemed Transfer Notice given as a consequence of a Transfer Event falling within Article 11.1.2 shall:
- (a) in the case of a Good Leaver (as defined in article 11.6(a)) be their Fair Value; and
 - (b) in the case of a Bad Leaver (as defined in article 11.6(b)), be their Fair Value or, if less, 1 pence per share.

and the Sale Price for any Sale Shares which are the subject of a Deemed Transfer Notice given as a consequence of a Transfer Event falling within Article 11.1.3 shall be the Fair Value or, if less, 1 pence per share.

11.6 In article 11.5:

- (a) **"Good Leaver"** refers to a person who ceases to be a director, non-executive director or employee of any member of the Group who no longer works minimum hours for the Company of 3-4 days per month, and as a consequence is no longer a director or employee of any member of the Group and such cessation occurs as a result of Serious Ill Health, Dismissal Without Cause or any situation where such cessation occurs and he is not a Bad Leaver provided always that the Board with the prior consent of all of the Investors, can deem any person a Good Leaver;
 - (b) **"Bad Leaver"** refers to any person who ceases to be a director or employee of any member of the Group in circumstances of dishonesty or fraud on his part and as a consequence is no longer a director or employee of any member of the Group and who is not a Good Leaver.
- 11.7 For the purpose of article 11 the date upon which a member ceases to hold office or employment as described therein shall be:

- (a) where a contract of employment or directorship is terminated by the employer by giving notice to the employee of the termination of the employment or directorship, the date of that notice (whether or not a payment is made by the employer in lieu of all or part of the notice period required to be given by the employer in respect of such termination);
 - (b) where a contract of employment or directorship is terminated by the employee by giving notice to the employer of the termination of the employment or directorship, the date of that notice;
 - (c) save as provided in article 11.7(a) where an employer or employee wrongfully repudiates the contract of employment and the other accepts that the contract of employment has been terminated, the date of such acceptance;
 - (d) where a contract of employment is terminated under the doctrine of frustration, the date of the frustrating event; and
 - (e) where a contract of employment or directorship is terminated for any reason other than in the circumstances set out in article 11.7(a) to 11.7(b) above, the date on which the action or event giving rise to the termination occurs.
- 11.8 **"Fair Value"** for the purposes of these articles means as agreed between the Board (with the approval of all of the Investors) and the Vendor or, in the absence of agreement within 21 days of the Transfer Event, by the Auditors in accordance with Article 10.4.
- 11.9 **"Serious Ill Health"** for the purpose of these articles means an illness or disability certified by a general medical practitioner (nominated or approved by the Investor Director) as rendering the departing employee permanently incapable of carrying out his role as an employee for the foreseeable future.
12. **DRAG ALONG**
- 12.1 In these articles a **Qualifying Offer** shall mean a bona fide offer in writing by or on behalf of any third party acting at arms length ("**Offeror**") to the holders of the entire share capital in the Company to acquire all their equity share capital.
- 12.2 If the holders of greater than 50% of the Ordinary Shares (the "**Accepting Shareholders**") (such percentage must include at least one of the Investors) wish to accept a Qualifying Offer, then the provisions of this article shall apply.
- 12.3 If, after the fourth anniversary of Completion (as defined in the Investment Agreement), the NWSF wishes to accept a Qualifying Offer, then the provisions of this Article shall apply, subject to the NWSF:
- 12.3.1 offering its shares at the same price per share as that constituted by the Qualifying Offer to the remaining holders of the equity share capital (the "**Other Shareholders**") pro rata to the Ordinary Shares held by them and following the procedure set out in Article 10 (with the exception of Articles

10.3 and 10.4); such offer by the NWSF must be accepted by the Other Shareholders within 21 calendar days of notice of the offer being given by the NWSF to the Other Shareholders. For the rights of the Other Shareholders to purchase the shares held by the NWSF pursuant to this Article to continue to apply, the Other Shareholders must have appointed lawyers and delivered Heads of Agreement to the NWSF within 21 business days of notice being given by the NWSF to the Other Shareholders; if the Other Shareholders do not wish to purchase the B Ordinary Shares held by it,

- 12.3.2 offering its shares, at the same price per share as that constituted by the Qualifying Offer, to the Company; such offer by the NWSF must be accepted by the Company within 15 calendar days of notice of such offer being given by the NWSF to the Company. For the right of the Company to purchase the shares held by the NWSF pursuant to this Article to continue to apply, the Company must have appointed lawyers and delivered Heads of Agreement to the NWSF within 21 business days of notice of such offer being given by the NWSF to the Company.
- 12.4 The Accepting Shareholders, or pursuant to Article 12.3, the NWSF, shall give written notice to the Other Shareholders of their wish to accept the Qualifying Offer and the Other Shareholders shall thereupon become bound to accept the Qualifying Offer and to transfer their Shares to the Offeror (or his nominee) with full title guarantee on the date specified by the Accepting Shareholders.
- 12.5 If any other Shareholder shall not, within five Business Days of being required to do so, execute and deliver transfers in respect of the equity shares held by him and deliver the certificate(s) in respect of the same (or a suitable indemnity in lieu thereof), then any Accepting Shareholder shall be entitled to execute, and shall be entitled to authorise and instruct such person as he thinks fit to execute, the necessary transfer(s) and indemnities on the Other Shareholder's behalf and, against receipt by the Company (on trust for such Shareholder) of the consideration payable for the relevant Shares, deliver such transfer(s) and certificate(s) or indemnities to the Offeror (or his nominee) and register such Offeror (or his nominee) as the holder thereof and, after such registration, the validity of such proceedings shall not be questioned by any person.
- 12.6 Upon any person, following the issue of a notice pursuant to article 12.3 becoming a member of the Company pursuant to the exercise of a pre-existing option to acquire shares in the company (**New Member**), a notice shall be deemed to have been served upon the New Member on the same terms as the previous notice who shall thereupon be bound to sell and transfer all such shares acquired by him to the Offeror or as the Offeror may direct and the provisions of this article shall apply mutatis mutandis to the New Members save that completion of the sale of such shares shall take place forthwith upon the notice being deemed served on the New Member.

13. TAG ALONG

- 13.1 Subject to Article 10, but notwithstanding any other provisions in these Articles no sale or transfer or other disposition of any interest in the Shares shall have any effect (other than any transfers permitted under Article 9) if it were to result in a Change of Control unless before the transfer is lodged for registration the proposed transferee (the "**Third Party Purchaser**") has made a bona fide offer in accordance with these Articles to purchase at the specified price (as defined below) all the Shares held by Shareholders who are not acting in concert or otherwise are Connected with the Third Party Purchaser (the "**Uncommitted Shares**").
- 13.2 An offer made under Article 13.1 shall be in writing, be open for acceptance for at least 21 days and be deemed to have been rejected by any member who has not accepted it in accordance with its terms within the time period prescribed for acceptance and the consideration thereunder shall be settled in full on completion of the purchase and within 30 days of the date of the offer.
- 13.3 For the purposes of Article 13:
- 13.3.1 the expression "**transfer**" includes the renunciation of a renounceable letter of allotment;
- 13.3.2 "**Specified Price**" shall mean a price per share equal to the higher of:
- 13.3.2.1 the subscription price paid for such shares (including any premium and all arrears and accruals of dividends on such shares calculated to the date of sale or transfer); and
- 13.3.2.2 the highest price per share (exclusive of stamp duty, stamp duty reserve tax and commission) paid or to be paid by any person or persons referred to in Article 13.1 at any time in the previous 12 months period for Ordinary Shares plus such further consideration (in cash or otherwise) received or receivable by the Vendor 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 Vendor's shares, multiplied by the number of Ordinary Shares and apportioned between each class in accordance with the percentage of the Equity Share Capital attributable to each class.
- 13.4 If the specified price or its cash equivalent cannot be agreed within 21 days of the proposed sale or transfer referred to in Article 13.1 between the Third Party Purchaser and Shareholders holding not less than 75% of the Shares (excluding the Third Party Purchaser and any persons acting in concert or otherwise Connected with him), it may be referred by any Shareholder to the Auditors who shall determine and certify the sum per share considered by them to be the fair value thereof and, pending such determination, the sale or transfer referred to in Article 13.1 shall have no effect.

14. INFORMATION CONCERNING SHAREHOLDINGS AND TRANSFERS

- 14.1 For the purpose of ensuring that no circumstances have arisen whereby a Transfer Notice is or may be required to be given hereunder, or to be satisfied that any proposed sale is bona fide and on the terms stated in the Transfer Notice with no rebate or allowances, the Directors may from time to time require any member or the legal person representing any deceased member or any person named as transferee in the transfer lodged for registration to furnish to the Company such information or evidence as the Directors may think fit regarding any matter which they may deem relevant to such purpose. Failing such information or evidence being furnished to the satisfaction of the Directors within a reasonable time after such request being made, the Directors shall be entitled to refuse to register the transfer in question or (if no transfer is in question) to require by notice in writing that a Transfer Notice be given in accordance with Article 10 in respect of the Shares concerned.
- 14.2 In a case where the Directors have duly required a Transfer Notice to be given in respect of any Shares and such Transfer Notice is not duly given within a period of one month or such longer period as the Directors may allow for the purpose, such Transfer Notice shall be deemed to have been given on such date after the expiration of the said period as the Directors may by resolution determine and the foregoing provisions of these Articles shall take effect accordingly.
- 14.3 From (and including) the date on which the Directors have duly required a Transfer Notice(s), all holders of Shares subject to such Transfer Notice(s) shall not transfer or encumber any of their Shares or any interest in their Shares (other than pursuant to such Transfer Notice(s)) until all proceedings pursuant to such Transfer Notice(s) have been finalised in accordance with these Articles.

15. DEATH OF A MEMBER

In the event that a member dies and his shares transfer pursuant to his will or the intestacy rules, his shares shall automatically be re-classified as D Ordinary Shares.

16. PROCEEDINGS AT GENERAL MEETINGS

- 16.1 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. Four 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.
- 16.2 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.
- 16.3 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.

- 16.4 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 holding of an adjourned meeting a quorum is not present, the meeting shall be dissolved".

- 16.5 The Chairman at any general meeting shall be entitled to a second or casting vote.

17. ALTERNATE DIRECTORS

- 17.1 Any Director, including the Investor Directors, (other than an alternate Director) may at any time by writing under his hand and served on the Company at its registered office, or delivered at a meeting of the directors, appoint any other director, or any other person who has been approved by resolution of the Board and is willing to act, to be an alternate Director and may remove from office an alternate Director so appointed by him. The same person may be appointed as the alternate Director of more than one Director.

- 17.2 An alternate Director shall be entitled:

17.2.1 to receive notice of all meetings of Directors and of all meetings of committees of Directors 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;

17.2.2 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

17.2.3 generally at such meeting to perform all the functions of his appointor as a Director in his absence.

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.

- 17.3 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director; but if a Director retires but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate Director made by him which was in force immediately prior to his retirement shall continue after his reappointment.

- 17.4 Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.

- 17.5 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 appointor.

- 17.6 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 owned by a Director.
- 17.7 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.
- 17.8 Regulations 65 to 69 shall not apply to the Company.

18. INVESTOR DIRECTORS

- 18.1 The NWSF has the right to appoint a non-executive director and Simon Smith (or his nominee) and Ian Hepworth (or his nominee) have the right to be appointed as a non-executive directors (together, the "**Investor Directors**") to the Board of Directors of the Company.
- 18.2 The Investor Directors shall be reimbursed their fees and expenses in accordance with the Investment Agreement.
- 18.3 Upon written request by a majority of the holders of the B Ordinary Shares the Company shall procure that the Investor Directors are forthwith appointed as directors of any other member of the same Group or to any committee of the Board or the board of any member of the same Group18.4Regulation 81(e) shall not apply to the Investor Directors.
- 18.5 The appointment by any of the Investor Directors of an alternate director shall be subject to approval by a resolution of the Board in accordance with Article 16.1.

19. DIRECTORS

- 19.1 Unless and until determined otherwise by general meeting of the Company the minimum number of directors shall be one. In the first instance, the Directors shall be the Investor Directors together with the A Directors. Whenever the number of Directors shall be one, the sole Director may exercise all the powers and authorities vested in the Directors by Table A and by these Articles, Regulation 89 shall be modified accordingly.

- 19.2 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.
- 19.3 Without prejudice to the first sentence of Regulation 89, a meeting of the Directors or for a committee of the Directors 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.
- 19.4 A resolution in writing signed (or approved by telefax) by all the directors shall be as valid and effectual as if it had been passed at a meeting of Directors 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.
- 19.5 A Director may vote at a meeting of Directors or of a committee of Directors 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 Directors the nature and extent of any material interest or duty. Regulation 94 shall be modified accordingly.
- 19.6 Regulation 89 shall not apply to the Company. A quorum for all meetings of the Directors shall be two Directors present either in person or by a duly appointed alternate provided that at least one such shall be the Investor Director (if appointed) unless he fails to attend an adjourned meeting of which he has been given proper notice or unless he gives prior written consent for the meeting to proceed in his absence.
- 19.7 The Chairman of the Board shall be entitled to a second or casting vote.

20. INDEMNITY

- 20.1 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.

- 20.2 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.