

**THE COMPANIES ACTS 1985 to 2006**

**COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

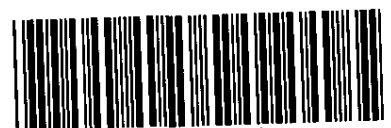
**of**

**Arista Insurance Limited**

**Company Number 05938669**

**Adopted in accordance with a written resolution having effect as a special resolution passed on 28 March 2014 and as amended by a Special Resolution passed on 26 July 2017.**

FRIDAY



RM 17/11/2017 #54  
COMPANIES HOUSE

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**THE COMPANIES ACTS 1985 to 2006**  
**COMPANY LIMITED BY SHARES**  
**AMENDED**  
**ARTICLES OF ASSOCIATION**  
**of**  
**Arista Insurance Limited**

(as adopted in accordance with a written resolution having effect as a special resolution  
passed on 28 March 2014)

**1. PRELIMINARY**

- 1.1 The regulations in Table A in The Companies (Tables A to F) Regulations 1985 (as amended to affect companies first registered on the date of adoption of these Articles) ("**Table A**") shall apply to the Company except as provided in these Articles and so far as not excluded by or inconsistent with these Articles to the exclusion of all other regulations or articles of association. A 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 shall have the meanings set out below:

**A&B Majority:** the holders of a majority of the number of 'A' Ordinary Shares for the time being in issue and the holders of a majority of the number of 'B' Ordinary Shares for the time being in issue,

the **2006 Act:** the Companies Act 2006 including every statutory modification or re-enactment thereof for the time being in force,

**Adoption Date:** the date of adoption of these Articles,

**'A' Ordinary Shares:** 'A' ordinary shares of 10 pence each in the capital of the Company having the rights set out in Article 3,

the **Auditors:** the auditor or auditors for the time being of the Company,

**Available Profits:** profits available for distribution within the meaning of the 2006 Act,

**Bad Leaver:** any Leaver who is not a Good Leaver,

the **Board** or the **Directors:** the directors for the time being of the Company or a quorum of such directors present at a meeting of the directors,

**'B' Ordinary Shares:** the ordinary shares of 10 pence each in the capital of the Company having the rights set out in Article 3,

**Business Plan:** the meaning set out in the Investment Agreement,

**Canopus:** Canopus Holdings UK Limited (incorporated and registered in England and Wales under number 4818520) or any Permitted Transferee within Article 5.1.4 in relation thereto,

**Canopus Group:** Canopus Group Limited (incorporated and registered in Guernsey under number 41279) and its subsidiary undertakings from time to time (and **members of the Canopus Group** and **Canopus Group Company** shall be construed accordingly),

**Chief Executive:** Charles Earle (for so long as he remains chief executive of the Company) or his successor as chief executive of the Company,

**C Majority:** the holders of a majority of the 'C' Ordinary Shares for the time being in issue,

**Company:** the company for which these Articles are adopted,

**'C' Ordinary Shares:** the ordinary shares of 10 pence each in the capital of the Company having the rights set out in Article 3,

**Disposal:** the disposal of all of the assets and/or the undertaking of the Company,

**Employee Trust:** any trust established by the Company (with the consent of, prior to the Adoption Date, Canopus and Equity Insurance Holdings Limited or, from the Adoption Date with consent of the A&B Majority) to acquire and hold shares in the capital of the Company for the benefit of employees and/or ex-employees of the Company or any other Group company) and/or their dependants,

**Exit:** the first to occur of a Sale, Disposal or Liquidation,

**Exit Date:** the date upon which an Exit occurs,

**Exit Value:**

(a) in the event of a Sale, the Exit Value shall be the value of the aggregate consideration attributable to the whole of the Fully Diluted Share Capital by reference to the aggregate value of the consideration payable for the Sale, including the fair value attributable to:

- (i) any consideration received in a form other than cash; and
- (ii) any deferred consideration

in each case as agreed between the A&B Majority and the C Majority, and if not so agreed, valued by the Auditors (who shall be deemed to be acting as experts and not as arbitrators), and

(b) in the event of a Disposal, the Exit Value shall be the aggregate amount to be distributed to or received by the holders of the Fully Diluted Share Capital after payment or adequate provision for the Company's liabilities to creditors other than its shareholders and after payment of any corporation tax arising on the Disposal proceeds, including the fair value attributable to:

- (i) any consideration received in a form other than cash; and
- (ii) any deferred consideration

in each case as agreed between the A&B Majority and the C Majority and if not so agreed, valued by the Auditors (who shall be deemed to be acting as experts and not as arbitrators),

but in each of the scenarios set out in paragraphs (a) and (b) above, before any deduction for the repayment value of any dividend payable in connection with the Exit and, for the avoidance of doubt, in each case, after taking account of:

- (I) a sum equal to the aggregate financial and banking indebtedness (excluding, for the avoidance of doubt, trade creditors) which shall have become repayable,
- (II) any reasonable allowance for costs and expenses relating to the Exit,

**Family Trusts:** as regards any particular individual member or deceased or former individual member, trusts (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the shares in question is for the time being vested in any person other than that individual and/or Privileged Relations of that individual, and so that for this purpose a person shall be considered to be beneficially interested in a share if such share or the income thereof is or may become liable to be transferred or paid or applied or appointed to or for the benefit of such person or any voting or other rights attaching thereto are or may become liable to be exercisable by or as directed by such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons,

**Fully Diluted Share Capital:** the aggregate of the issued shares and all shares capable of being issued pursuant to any options or rights to subscribe for or securities convertible into shares prior to or on an Exit,

**Good Leaver:** any Leaver who is designated as a good leaver by the Board (with Investor Consent) as referred to in Article 9.2.2 or any Leaver in circumstances where the Leaving results from:

- (i) the Leaver's death,
- (ii) the Leaver's suffering physical or mental deterioration or other ill health (other than as a result, in the opinion of Canopus, of alcohol or drug abuse) which, in the opinion of Canopus, is sufficiently serious to prevent the Leaver from following his normal employment or which seriously prejudices his earning capacity;
- (iii) voluntary termination by the Leaver of the Leaver's employment by the Company or mutually-agreed termination of the Leaver's employment by the Company, in each case after a minimum of five years of service as an employee;
- (iv) redundancy;
- (v) termination by the Company of the Leaver's employment by the Company for any reason (other than fraud, dishonesty, gross misconduct, bringing the Company or any member of the Group into disrepute or any other reason giving rise to a ground for summary dismissal) in circumstances where a competent court or tribunal from which there is no right of appeal (or where the relevant time limits have

expired without any appeal having been made) determines that the dismissal was wrongful or unfair,

**Group:** the Company and its subsidiaries from time to time,

**Investment Agreement:** the investment agreement relating to the Company made between, inter alia, Equity Insurance Holdings Limited, Canopus, the Executives and the Company (all as therein defined) dated on or around 22 December 2006,<sup>1</sup>

**Investor Consent:** the written consent of persons constituting an A&B Majority,

**Investor Direction:** a direction by or on behalf of persons constituting an A&B Majority,

**Investor Directors:** such persons holding office as directors of the Company pursuant to Article 13.1 (and **Investor Director** shall be construed accordingly),

**Investors:** the meaning set out in the Investment Agreement,

**Leaver:** any person whose employment with the Company ceases for any reason or, in the case of a person who is not an employee of the Company but who is a director of the Company, a person who ceases to be a director of the Company, and **Leaving** shall be construed accordingly,

**Leaving Date:** the date on which a Relevant Executive becomes a Leaver,

**Liquidation:** the liquidation of the Company pursuant to the making of a winding-up order by the court or the passing of a resolution by the Members that the Company be wound-up (save for a solvent winding-up for the purpose of reconstruction or amalgamation),

**Member:** the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires,

**Member of the same Group:** as regards any company, a company which is for the time being a holding company or a subsidiary of that company or of any such holding company,

**month:** calendar month,

**Ordinary Share Capital:** collectively, the 'A' Ordinary Shares, the 'B' Ordinary Shares and the 'C' Ordinary Shares and (except as otherwise expressly provided) for the purposes of these Articles, the 2006 Act and otherwise, the 'A' Ordinary Shares, the 'B' Ordinary Shares and the 'C' Ordinary Shares shall be treated as separate classes (and **Ordinary Shares** and **Ordinary Shareholder** shall be construed accordingly),

**Permitted Transfer:** a transfer of shares permitted in terms of Article 5.1 or Article 5.2,

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<sup>1</sup> Pursuant to an agreement dated 15 July 2013 between Equity Insurance Holdings Limited (**Equity**) and Canopus, Equity transferred its entire shareholding in the capital of the Company to Canopus (such transfer taking effect on 1 October 2013). Therefore, in accordance with section 19.3 of the Investment Agreement, Equity ceased to be a party to the Investment Agreement for the purposes of receiving benefits and enforcing its rights under that agreement from 1 October 2013.

**Permitted Transferee:** a person, firm or unincorporated association to whom or which shares have been transferred pursuant to a Permitted Transfer,

**Preference Shares:** the redeemable preference shares of £1.00 each in the capital of the Company having the rights set out in Article 3,<sup>2</sup>

**present in person:** in relation to general meetings of the Company and to meetings of the holders of any class of shares, includes present by attorney or by proxy or, in the case of a corporate Member, by representative,

**Privileged Relation:** in relation to an individual Member or deceased or former individual Member, the spouse or common law spouse or the widower or widow of such Member and all the lineal descendants in direct line of such Member and a spouse or common law spouse or widower or widow of any of the above persons and for the purposes aforesaid a step-child or adopted child of any person shall be deemed to be his or her lineal descendant,

**Relevant Executive:** a director or employee of the Company,

**Relevant Member:** a Member who is a Relevant Executive, or a Member who shall have acquired shares directly or indirectly from a Relevant Executive pursuant to one or more Permitted Transfers under Article 5.1.2 or 5.1.3 (including where such shares were subscribed by such Member and that Member would have been entitled to receive a Permitted Transfer from the Relevant Executive under either such Article),

**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 Transferee 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 sale (other than pursuant to a Permitted Transfer) of any part of the Ordinary Share Capital to any person other than a Canopus Group Company after the Adoption Date resulting in that person together with any person acting in concert (within the meaning given in the City Code on Takeovers and Mergers as in force at the Adoption Date) with such person holding more than 50% of the aggregate of the 'A' Ordinary Shares in issue and the 'B' Ordinary Shares in issue,

**Service Agreement:** in relation to a Member, any written or other contract of employment or for services between such Member and the Company,

**Subscription Price:** in relation to any share, the amount paid up or credited as paid up thereon (including the full amount of any premium at which such share was issued whether or not such premium is applied for any purpose thereafter),

**Transfer Notice:** a notice that a Member desires to transfer his shares served pursuant to Article 6 or Article 8 or deemed served pursuant to Article 9.1 or Article 9.2 (as the case may be),

**Transferee Company:** a company for the time being holding shares in consequence, directly or indirectly, of a transfer or series of transfers of shares between Members of

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<sup>2</sup> The Preference Shares were formerly known as 'Class 1 Preference Shares' prior to the amendments to the articles of association adopted in accordance with the written resolution having effect as a special resolution passed on the Adoption Date.

the same Group (the relevant Transferor Company in the case of a series of such transfers being the first transferor in such series),

**Transferor Company:** a company (other than a Transferee Company) which has transferred or proposes to transfer shares to a Member of the same Group.

**2. [THERE IS NO ARTICLE 2]**

**3. SHARE RIGHTS**

**3.1 Dividends**

The Company shall apply any profits which the Board resolves to distribute in any year to the holders of the 'A' Ordinary Shares, the 'B' Ordinary Shares and the 'C' Ordinary Shares in respect of their holdings of such shares *pari passu* and *pro rata* to the number of such shares held by each of them (for the avoidance of any doubt, no preference share in issue on 20 December 2009 shall carry any right to be paid out of any profits which the Board may at any time resolve to distribute any amount accrued by the Company in respect of the preference share concerned as referred to in Article 3.1.1 of the articles of association of the Company adopted on 22 December 2006).

**3.2 Capital**

On a return of assets upon Liquidation or any other return of capital not constituting an Exit (except on a conversion, redemption or purchase by the Company of any shares), the surplus assets of the Company remaining after payment of its liabilities shall be distributed as follows:

3.2.1 first, an amount equal to:

- (a) £13,130,176, plus
- (b) an amount calculated at 8 per cent. per annum on £5,139,035 in respect of the period from 1 July 2013 to (and including) the date of the return of assets, such amount to accrue on a daily basis and to be *compounded on 30 June each year*

shall be distributed amongst the holders of the Preference Shares in respect of their holdings of such shares *pari passu* and *pro rata* to the numbers of such shares held by each of them at the date of the distribution,

3.2.2 second, following the distribution pursuant to Article 3.2.1, the amount of the balance of such surplus assets (if any) shall be distributed amongst the holders of the Ordinary Shares as follows

- (a) 75% amongst the holders of the 'A' Ordinary Shares and the holders of the 'B' Ordinary Shares, in respect of their holdings of such shares, *pari passu* and *pro rata* to the numbers of such shares held by each of them at the date of the distribution, and
- (b) 25% amongst the holders of the 'C' Ordinary Shares, other than any holders of 'C' Ordinary Shares who are also holders of 'A' Ordinary Shares or 'B' Ordinary Shares, in respect of their holdings of such shares, *pari passu* and *pro rata* to the numbers of such shares held by each of them at the date of the distribution

**3.3 Voting**



- 3.3.1 Save as provided in this Article 3.3 and subject to the operation of Article 9.5, each holder of Ordinary Shares shall be entitled to receive notice of, attend and vote at general meetings of the Company.
- 3.3.2 Subject to Articles 3.3.3 and 3.3.4, on a show of hands every holder of Ordinary Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall have one vote and on a poll every holder of Ordinary Shares so present shall have one vote for each 'A' Ordinary Share, 'B' Ordinary Share or 'C' Ordinary Share (as the case may be) held by him.
- 3.3.3 Each holder of Preference Shares shall be entitled to receive notice of all general meetings but will not be entitled to attend or vote at any general meeting unless the business of the meeting includes consideration of a resolution to wind up the Company or directly or adversely varying any of the special rights attached to the Preference Shares, in which case a holder may vote in respect of any such resolution considered at the meeting. On a show of hands in respect of any such resolution, each holder of Preference Shares present in person or (being a corporation) by a representative has one vote in respect of his holding of such Preference Shares. On a poll in respect of any such resolution, each holder of Preference Shares present in person or by proxy or (being a corporation) by a representative, is entitled to exercise, in respect of his holding of such Preference Shares, the number of votes which he would have been entitled to exercise if all the Preference Shares held by him had been converted into Ordinary Shares immediately before the holding of the general meeting at the conversion rate then applicable, or, after the conversion date, one vote for each Preference Share he holds.
- 3.3.4 If there is and continues to be a material breach by the Company of the terms of the Investment Agreement or these Articles which has not been remedied prior to the shareholders voting at any general meeting of the Company which is to take place following the occurrence of such breach or prior to the grant of any consent in accordance with this Article 3.3.4, then all shareholders shall be deemed to vote at any such general meeting of the Company or in respect of any resolution (including by way of class consent) to be passed by the Company following the occurrence of such breach in the same manner as the A&B Majority and shall not otherwise be entitled to vote at any such meeting or in respect of any such resolution provided always that this Article 3.3.4 shall not apply in relation to any resolution which if passed would result in a variation of the class rights attached to the 'C' Ordinary Shares.

### 3.4 Redemption

- 3.4.1 The Company may, subject to the 2006 Act, at any time on not less than 30 days' notice in writing to the holders of Preference Shares, redeem in multiples of not less than 100,000 Preference Shares such total number of Preference Shares as is specified in such notice.
- 3.4.2 Where Preference Shares are to be redeemed in accordance with Article 3.4.1, the Company shall give to the holders of the Preference Shares falling to be redeemed prior notice in writing of the redemption ("**Redemption Notice**"). The Redemption Notice shall specify the particular Preference Shares to be redeemed and the date fixed for redemption and shall be given not less than 30 nor more than 40 days prior to the date fixed for redemption.

- 3.4.3 If the Company is at any time redeeming less than all the Preference Shares from time to time in issue, the number of Preference Shares to be redeemed shall be apportioned between those holders of the Preference Shares then in issue *pro rata* according to the number of Preference Shares held by them respectively at the date fixed for redemption.
- 3.4.4 On the date fixed for redemption, each of the holders of the Preference Shares falling to be redeemed shall be bound to deliver to the Company, at the Company's registered office, the certificate(s) for such Preference Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate) in order that the same may be cancelled. Upon such delivery, the Company shall pay to the holder (or, in the case of any joint holders, to the holder whose name stands first in the Company's register of members in respect of such Preference Shares) the amount due to it in respect of such redemption against delivery of a proper receipt for the redemption monies.
- 3.4.5 If any certificate delivered to the Company pursuant to Article 3.4.4 includes any Preference Shares not falling to be redeemed on the date fixed for redemption, a new certificate in respect of those Preference Shares shall be issued to the holder(s) thereof as soon as practicable thereafter (and, in any event, within 30 days thereafter).
- 3.4.6 There shall be paid on the redemption of each Preference Share an amount equal to:
- (a) £2.55498863113, plus
  - (b) an amount calculated at 8 per cent. per annum on £1 in respect of the period from 1 July 2013 to the date of the redemption, such amount to accrue on a daily basis and to be compounded on 30 June each year,
- and such aggregate amount shall, subject to the Company having Available Profits or other monies which may be lawfully applied for such redemption, at that time become a debt due from and immediately payable by the Company to the holders of such Preference Shares if and to the extent that the debt so constituted is not paid in full on the due date, the unpaid amount shall carry interest at the rate of 8% per annum in respect of the period from and including the due date down to and including the date of actual payment
- 3.4.7 If the Company is unable to pay the amounts referred to in Article 3.4.6 in full on a date fixed for redemption by reason of having insufficient Available Profits or not having other monies which may be lawfully applied for such redemption, then the amount so unpaid shall be increased by an amount equal to the interest which would have accrued had interest on the unpaid amount been charged at the rate of 8% per annum in respect of the period from and including the due date down to and including the date of actual payment and shall be paid as soon thereafter as, and to the extent that, Available Profits or other monies that may lawfully be applied for such redemption have arisen.
- 3.4.8 If the Company fails or is unable to redeem any of the Preference Shares in full on the date due for redemption for any reason whatsoever, all Available Profits (or other monies which may lawfully be applied for the purpose of redeeming Shares) shall be applied in or towards redeeming all Preference

Shares which have not been redeemed on or by such due date for redemption before being applied by way of any dividends pursuant to Article 3.1.

### 3.5 Conversion

- 3.5.1 Each holder may at the time and in the manner specified in this Article 3.5 convert the whole or part of his holding of Preference Shares (not involving a fraction of a Preference Share) into fully-paid 'A' Ordinary Shares at the rate of £1 in nominal amount of Ordinary Shares (subject to adjustment in accordance with Articles 3.5.9, 3.5.10 and 3.5.11) for each £1 in nominal amount of Preference Shares (the "**conversion rate**").
- 3.5.2 In this Article 3.5, the "**conversion date**" is (except where Article 3.5.11, 3.5.12 or 3.5.15 applies) 30 June 2050 (or if not a business day, the next business day).
- 3.5.3 The right to convert is exercised by completing a notice in a form prescribed by the Board (a "**conversion notice**") and delivering the certificate and conversion notice to the registered office of the Company (marked for the attention of the Secretary) at any time during the four weeks ending on the conversion date (or where Article 3.5.11, 3.5.12 or 3.5.15 applies, the period specified in the relevant Article) (the "**conversion period**"), with any evidence the Board may require to prove the title of the person exercising the right to convert. A conversion notice once given may not be withdrawn without the Company's written consent. The Company shall remind each holder of the right to, convert by giving him notice not less than four nor more than eight weeks before the conversion date (or where Article 3.5.11, 3.5.12 or 3.5.15 applies, at the time specified in the relevant Article). The notice shall state the applicable conversion rate. A copy of the form of conversion notice prescribed by the Board shall be sent with the notice.
- 3.5.4 The 'A' Ordinary Shares to which a holder is entitled in exercising his right to convert ("**new ordinary shares**"):
- (a) shall be credited as fully paid;
  - (b) shall rank *pari passu* in all respects and form one class with the 'A' Ordinary Shares then in issue; and
  - (c) entitle the holder to be paid an appropriate proportion of all dividends and (unless adjustment of the conversion rate has been made in respect of the distribution under Article 3.5.10) other distributions declared, made or paid on Ordinary Shares in respect of the financial year in which the relevant conversion date falls, but not in respect of an earlier financial year.
- 3.5.5 The allotment of new 'A' Ordinary Shares shall be made within two weeks of the conversion date. A certificate for the requisite number of new Ordinary Shares shall be sent within four weeks of the conversion date to each holder without charge, with a new certificate for any balance of unconverted Preference Shares comprised in the surrendered certificate and, if appropriate, a cheque in respect of a fractional entitlement. In the meantime transfers of the new 'A' Ordinary Shares shall be certified against the register.

- 3.5.6 The Board may in its absolute discretion from time to time decide the manner in which relevant Preference Shares are to be converted, subject to the provisions of these Articles and the Acts.
- 3.5.7 Without prejudice to Article 3.5.6, the Board may elect to effect conversion of the relevant Preference Shares by redeeming them on the conversion date at par, in which case the relevant Preference Shares confer on the holder the right and obligation to subscribe at par for the nominal amount of 'A' Ordinary Shares to which he is entitled in accordance with the conversion rate ("**specified ordinary shares**"). The Board may elect to effect redemption out of Available Profits, out of the proceeds of a fresh issue of shares made for the purposes of redemption or in another manner allowed by the Acts and these Articles. If redemption is to be made out of Available Profits, the conversion notice given by the holder is deemed irrevocably to authorise and instruct the Board to apply the redemption money payable to the holder in subscribing in his name for the specified 'A' Ordinary Shares at par. If redemption is to be made out of the proceeds of a fresh issue of shares made for the purposes of redemption, the conversion notice given by the holder is deemed irrevocably:
- (a) to appoint a person selected by the Board as the holder's agent with authority to apply an amount equal to the redemption money in subscribing on his behalf for the specified 'A' Ordinary Shares; and
  - (b) to authorise and instruct the Board after the allotment of the specified 'A' Ordinary Shares to pay the redemption money to the agent who is entitled to retain it for his own benefit.
- 3.5.8 Without prejudice to Article 3.5.6, the Board may elect to effect conversion of relevant Preference Shares by consolidation and sub-division, in which case all relevant Preference Shares held by one holder or joint holders are consolidated into one share, pursuant to the authority granted by the adoption of this Article, and the consolidated share is then sub-divided into shares of 10 pence each (or such other nominal amount as may be appropriate as a result of another consolidation or sub-division of ordinary shares) of which one share for each 10 pence in nominal amount of the consolidated share (or such other amount as may be appropriate as a result of an adjustment of the conversion rate) is designated an 'A' Ordinary Share (ignoring fractions), and the 'A' Ordinary Shares resulting from the conversion shall be credited as fully paid and rank *pari passu* in all respects with the existing issued 'A' Ordinary Shares.
- 3.5.9 If Preference Shares remain capable of being converted into 'A' Ordinary Shares and there is a consolidation or sub-division (or both) of 'A' Ordinary Shares, the conversion rate shall be adjusted by an amount which in the Board's opinion is fair and reasonable to maintain the right to convert.
- 3.5.10 If Preference Shares remain capable of being converted into 'A' Ordinary Shares, on an allotment of fully-paid 'A' Ordinary Shares pursuant to a capitalisation of profits or reserves to holders of Ordinary Shares, the nominal amount of 'A' Ordinary Shares to be issued on conversion of Preference Shares on a conversion date which is or follows the record date of that allotment shall be increased (by resolution of the Board) to reflect the percentage increase in the 'A' Ordinary Shares in issue. No increase in the conversion rate is to be made when Ordinary Shares are allotted by way of

capitalisation of profits or reserves at the election of a holder instead of cash in respect of all or part of a dividend or dividends.

- 3.5.11 If Preference Shares remain capable of being converted into 'A' Ordinary Shares, and 'A' Ordinary Shares are offered by the Company by way of rights to holders of Ordinary Shares (an "**offer by way of rights**"), the Company shall on the making of each such offer make a similar offer to each holder of Preference Shares, as if his conversion rights had been exercisable and fully exercised on a conversion date which is immediately before the record date for the offer by way of rights at the conversion rate applicable at that conversion date.
- 3.5.12 If Preference Shares remain capable of being converted into 'A' Ordinary Shares and the Company becomes aware that, as a result of an offer made to all holders of Ordinary Shares (or all holders of Ordinary Shares other than the offeror and any associates of the offeror, as defined in section 988(1) of the 2006 Act) to acquire all or some of the Ordinary Shares or the proposal of a scheme for that acquisition, the right to cast more than 50 per cent. of the votes that may ordinarily be cast on a poll at a general meeting has or will become vested in the offeror and those associates, the Company shall give notice to all holders of Preference Shares within two weeks of it becoming so aware. *Each holder may within six weeks starting on the date of the notice convert some or all of his Preference Shares on the basis that the conversion date is the date on which the Company receives a conversion notice.*
- 3.5.13 If Preference Shares remain capable of being converted into 'A' Ordinary Shares and an offer (not being an offer falling within Article 3.5.11 or Article 3.5.12) is made or an invitation is extended to the holders of Ordinary Shares, the Company shall make or extend or, so far as it is able, ensure that there is made or extended at the same time a similar offer or invitation to each holder of Preference Shares, as if his conversion rights had been exercisable and fully exercised on a conversion date which is immediately before the record date for the offer or invitation at the conversion rate applicable at that conversion date.
- 3.5.14 If a doubt or dispute arises concerning an adjustment of the conversion rate in accordance with this Article 3.5 the Board shall refer the matter to the auditors and their certificate as to the amount of the adjustment is conclusive and binding on all concerned.
- 3.5.15 If Preference Shares remain capable of conversion into 'A' Ordinary Shares and either (i) a resolution for voluntary winding up of the Company is passed or (ii) a winding-up order is made by the court in relation to the Company, the Company shall immediately give notice to all holders of Preference Shares. Each holder may then in respect of all or some of his Preference Shares within six weeks after the date of the resolution for voluntary winding up the Company or the date of the winding-up order, as the case may be, (in either case, the "**operative date**") elect to be treated as if he had exercised his right to convert by giving a conversion notice to the Company, as if the operative date were the relevant conversion date. The holder is then entitled to be paid, in satisfaction of the amount due in respect of his Preference Shares to be treated as converted, an amount equal to the amount to which he would be entitled on a return of capital on a winding up if he had been the holder of the Ordinary Shares to which he would become entitled by conversion (ignoring

fractions). At the expiry of the six-week period, all rights to convert Preference Shares cease.

#### 4. ISSUE OF SHARES

- 4.1 Subject to Article 4.3, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by ordinary resolution.
- 4.2 Subject to Article 4.3, for so long as the Company satisfies the conditions of section 550 of the 2006 Act and with the approval of an A&B Majority, the directors may exercise any power of the Company to allot shares or to grant rights to subscribe for or to convert any security into shares.
- 4.3 Subject to Article 3.5, any equity securities to be issued which are subject to the provisions of Sections 560 to 574 (inclusive) of the 2006 Act ("**New Shares**") or any rights to or in respect thereof shall not be allotted or issued to any person unless the Company has, in the first instance, offered such New Shares to all holders of Ordinary Share Capital *pari passu* as if the same constituted a single class and in proportion to the number of Ordinary Shares held by each of them on terms that, in case of competition, the New Shares shall be allotted to the acceptors of any such offer in proportion (as nearly as may be without involving fractions or increasing the number allotted to any member beyond that applied for by him) to their existing holdings of Ordinary Share Capital PROVIDED that this Article 4.3 shall not apply in respect of any New Shares which are (i) Preference Shares or (ii) 'A' Ordinary Shares offered for subscription pursuant to Article 3.5.7 and the requirements of Section 561(1) of the 2006 Act are excluded as regards any allotment of Preference Shares or such 'A' Ordinary Shares. Such offer:
- 4.3.1 shall stipulate a time not exceeding 14 days within which it must be accepted or in default will lapse;
- 4.3.2 shall, if required by an Investor Direction, be conditional on the Members who desire to subscribe for a number of New Shares subscribing for other securities (including, for the avoidance of doubt, preference shares, loan notes or other debt instruments) of the Company on a pro rata basis with the Investors; and
- 4.3.3 shall stipulate that any Members who desire to subscribe for a number of New Shares in excess of the proportion to which each is entitled shall in their acceptance state how many excess New Shares they wish to subscribe for (and any New Shares not accepted by other Members shall be allotted to the Members making requests for excess New Shares in proportion (as nearly as may be without involving fractions or increasing the number allotted to any Member beyond that applied for by him) to their existing holdings of Ordinary Shares, and thereafter any remaining excess New Shares may be offered to any other person at the same price and on the same terms as the offer to Members).
- 4.4 The second sentence of Regulation 6 is amended by adding after "Every certificate shall be sealed with the seal" the words "or executed in such other manner as the directors authorise, having regard to the provisions of the 2006 Act".
- 4.5 The lien conferred by Regulation 8 shall also attach to fully paid shares. The Company's lien on a share shall extend to any amount payable in respect of it (which shall include all distributions of money and other assets attributable to it) Regulation 8

is modified accordingly. In addition, Regulation 10 shall be amended by the addition at the end thereof of the words "following such sale, the transferee shall be registered as the holder of those shares to which the transfer relates notwithstanding that he may not be able to produce the share certificate and he shall be under no responsibility to see the application of the consideration". Regulation 11 shall be amended by replacing the words "to the person entitled to the shares at the date of the sale" with the words "to the person entitled to the shares immediately before the sale took place".

## **5. TRANSFER OF SHARES**

5.1 Subject to the provisions of Regulation 24, 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 at any time be transferred:

5.1.1 by a 'C' Ordinary Shareholder to any person with the prior consent in writing of an A&B Majority (which consent may be granted unconditionally or subject to terms or conditions and in the latter case any share so transferred shall be held subject to such terms and conditions notified in writing to the transferee prior to registration of the transfer), or

5.1.2 by any 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; or

5.1.3 by any such individual Member to trustees to be held upon Family Trusts related to such individual Member; or

5.1.4 by any Member being a company (not being in relation to the shares concerned a holder thereof as a trustee of any Family Trusts) to a Member of the same Group as the Transferor Company; or

5.1.5 by any person entitled to shares in consequence of the death or bankruptcy of an individual Member to any person or trustee to whom such individual Member, if not dead or bankrupt, would be permitted hereunder to transfer the same; or

5.1.6 by a holder of 'A' Ordinary Shares or 'B' Ordinary Shares to any person with the prior consent in writing of the holders of shares entitled to cast at least 66% of the votes exercisable on a poll at a general meeting of the Company (in the event that such holder of 'A' Ordinary Shares or 'B' Ordinary Shares is not itself entitled to cast at least 66% of such votes); or

5.1.7 by the trustees of any Employee Trust to any beneficiary of such trust or to replacement trustees.

5.2 Where shares have been issued to trustees of Family Trusts or transferred under Article 5.1.3, the trustees and their successors in office may (subject to the provisions of Article 5.1) transfer all or any of the Relevant Shares:

5.2.1 to the trustees for the time being of the Family Trust concerned on any change of trustees;

5.2.2 to the trustees for the time being of any other trusts being Family Trusts in relation to the same individual Member or deceased or former Member

pursuant to the terms of such Family Trusts or to any discretion vested in the trustees thereof or any other person; or

5.2.3 to a Relevant Member or former Member or any Privileged Relation of a Relevant Member or deceased or former Member who has thereby become entitled to the shares proposed to be transferred on the total or partial termination of or pursuant to the terms of the Family Trusts concerned or in consequence of the exercise of any such power or discretion as aforesaid.

- 5.3 If and whenever any of the Relevant Shares come to be held otherwise than upon Family Trusts, except in circumstances where a transfer thereof is authorised pursuant to Article 5.2 to be and is to be made to the person or persons entitled thereto, the trustees holding such shares shall notify the Directors in writing that such event has occurred and the trustees shall be bound, if and when required in writing by the Directors so to do, to give a Transfer Notice in respect of the shares concerned.
- 5.4 If a person to whom shares have been transferred pursuant to Article 5.1.2 shall cease to be a Privileged Relation, such person shall be bound, if and when required in writing by the Directors so to do, to give a Transfer Notice in respect of the shares concerned.
- 5.5 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 5.1.4) the Relevant Shares derived, the Transferee Company shall 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 to give a Transfer Notice in respect of the Relevant Shares.
- 5.6 If the Board refuses to register a transfer of a share it shall, within 2 months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee together with its reason for refusal. Any instrument of transfer which the Board refuses to register shall (except in the case of suspected fraud) be returned to the person depositing it. All instruments of transfer which are registered may be retained by the Company. Regulations 25 and 28 are modified accordingly.

## **6. PRE-EMPTION ON TRANSFER**

- 6.1 Except in the case of a Permitted Transfer or a transfer pursuant to Article 9.8 or 10 the right to transfer shares or any interest in shares in the Company shall be subject to the restrictions and provisions set out in this Article 6. References in this Article 6 to transferring shares or Sale Shares shall include any interest in and grant of contractual rights or options over or in respect of shares.
- 6.2 Any person proposing to transfer any shares in the capital of the Company (the **"Proposing Transferor"**) shall give a notice in writing to the Company (a **"Transfer Notice"**) **Each Transfer Notice shall:**
- 6.2.1 relate to one class of shares only;
- 6.2.2 specify the number and class of shares which the Proposing Transferor wishes to transfer (the **"Sale Shares"**);



6.2.3 if known, specify the identity of the person to whom the Proposing Transferor desires to transfer the beneficial interest in the Sale Shares;

6.2.4 specify the price per share (the "**Sale Price**") at which the Proposing Transferor proposes to transfer the Sale Shares.

The Transfer Notice shall constitute the Company as the agent of the Proposing Transferor for the sale of the Sale Shares (together with all rights then attached thereto) at the Sale Price to any Member or to any other person selected or approved by the Directors (a "**Selected Person**") on the basis set out in the following provisions of these Articles and shall include such other details of the proposed transfer as the Directors may in their absolute discretion determine and shall not be revocable except with the consent of the Directors.

6.3 Except in the case of a Transfer Notice deemed to be given pursuant to Article 9, the Proposing Transferor may provide in the Transfer Notice that unless buyers are found for all or not less than a specified number of the Sale Shares, he shall not be bound to transfer any of such Shares (a "**Minimum Transfer Condition**") and any such provision shall be binding on the Company Notwithstanding the other provisions of this Article 6, if the Transfer Notice contains a Minimum Transfer Condition and the Proposing Transferor was entitled to impose such a condition, the Company may not make any allocation of Sale Shares unless and until it has found buyers for the minimum number specified in the Minimum Transfer Condition.

6.4 Except in the case of a Transfer Notice deemed to be given pursuant to Article 9, and otherwise with Investor Consent, the Proposing Transferor may (if he holds shares of more than one class) provide in the Transfer Notice that he shall not be bound to transfer the Sale Shares except to the extent that buyers are found for a proportionate number of shares of all other classes held by the Proposing Transferor (a "**Stapling Condition**") and any such provision shall be binding on the Company. Notwithstanding the other provisions of this Article 6, if a Transfer Notice contains a Stapling Condition the Company may not make any allocation of Sale Shares unless and until it has found buyers for a proportionate number of shares of all other classes held by the Proposing Transferor.

6.5 The provisions of this Article 6.5 shall apply to any transfer of any shares by any Ordinary Shareholder other than an Investor The Board may (with Investor Consent and following consultation with the Chief Executive), within 14 days of receipt of a Transfer Notice, direct the Company immediately to offer any or all of the Sale Shares to current or prospective employees or directors of the Company, the Company itself and/or the trustees of any Employee Trust at the Sale Price and on such other terms, in such numbers and to such persons as the Board (with Investor Consent and following consultation with the Chief Executive) may specify. If any such offeree applies for any of the Sale Shares so offered to him within 7 days of the date of such offer, the Company shall allocate to the offeree by the 7th day following receipt of the relevant application the number of Sale Shares applied for. If all of the Sale Shares are so allocated, the provisions of Articles 6.6 to 6.10 (inclusive) shall not apply. If none or some only of the Sale Shares are so allocated, the remaining provisions of this Article 6 shall have effect as if references to Sale Shares shall mean those not allocated in accordance with this Article 6.5.

6.6 Subject to any direction of the Board made in accordance with Article 6.5, all shares included in any Transfer Notice shall by notice in writing be offered ("**First Offer**") by the Company within 30 days following receipt of the relative Transfer Notice to all Members holding shares of the same class as the Sale Shares ("**class members**")

(other than the holder of the Sale Shares and any other Shareholder who has served or is deemed to have served a Transfer Notice in respect of his entire holding of Shares pursuant to which the sale of such Shares has not then been concluded) for purchase at the Sale Price on the terms that in case of competition the Sale Shares shall be sold to the accepting class members in proportion (as nearly as may be without involving fractions or increasing the number sold to any class member beyond that applied for by him) to their existing holdings of shares of the same class as the Sale Shares. Such offer:

- 6.6.1 shall stipulate that within the period of 28 days commencing on the date of the First Offer notice the offer must be accepted or in default will lapse; and
- 6.6.2 shall stipulate that any class members who desire to purchase a number of Sale Shares in excess of the proportion to which each is entitled shall in their acceptance state how many excess Sale Shares they wish to purchase (and any shares not accepted by other class members shall be allocated to the class members making requests for excess Sale Shares in proportion, as nearly as may be without involving fractions or increasing the number sold to any class member beyond that applied for by him, to their existing holdings of shares of the same class as the Sale Shares).

If the Company shall not within the period ending on the date (the "**Relevant Date**") which is 28 days after the date of the First Offer notice find a class member or members (or one or more Selected Persons) willing to purchase all of the Sale Shares it shall offer any unsold Sale Shares to the holders of each of the other class of Ordinary Shares in the order stated in the table below. Each such offer shall be made in similar manner to the First Offer and the procedure of offer and acceptance applicable to the First Offer shall apply to such subsequent offers. The period during which the Company shall try to find prospective purchasers amongst the holders of Ordinary Shares of the other classes shall (i) in the case of those of the class marked "First" in the table below, be the period commencing on the Relevant Date and ending 14 days thereafter (ii) in the case of those of the class marked "Second", be the period commencing 15 days after the Relevant Date and ending 28 days after the Relevant Date and (iii) in the case of those of the class marked "Third", be the period commencing 29 days after the Relevant Date and ending 42 days after the Relevant Date.

<b>Shares Transferred</b>	<b>First</b>	<b>Second</b>	<b>Third</b>
'A' Ordinary	'B' Ordinary	'C' Ordinary	Preference
'B' Ordinary	'A' Ordinary	'C' Ordinary	Preference
'C' Ordinary	'A' Ordinary and 'B' Ordinary	Preference	-

- 6.7 Any shares not accepted by any of the members pursuant to the foregoing provisions of these Articles by the end of the last of the relevant periods under Article 6.6 may be offered by the Directors to such persons as they may think fit for purchase at the Sale Price.
- 6.8 If the Company shall within the period of 100 days commencing on the date of its receipt of the relative Transfer Notice find members or such other persons as aforesaid (each such person being hereinafter called a "**Purchaser**") to purchase the Sale Shares or any of them and give notice in writing thereof to the Proposing Transferor he shall be bound, upon payment to him of the Sale Price, to transfer such shares to the respective Purchaser(s), PROVIDED that, if the Transfer Notice

contained a Minimum Transfer Condition and the Proposed Transferor was entitled to impose such a condition, this provision shall not apply unless the Company shall have found Purchasers for all of the Sale Shares. Every notice given by the Company under this Article 6.8 shall state the name and address of each Purchaser and the number of Sale Shares agreed to be purchased by him and the purchase shall be completed at a place and time to be appointed by the Directors not being less than 3 days nor more than 10 days after the date of the notice.

- 6.9 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 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 the 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.
- 6.10 If the Company shall not within the period of 100 days commencing on the date of its receipt of the relative Transfer Notice find Purchasers willing to purchase any or all of the Sale Shares and gives notice in writing thereof to the Proposing Transferor, or if the Company shall within such period give to the Proposing Transferor notice in writing that the Company has no prospect of finding Purchasers, the Proposing Transferor shall be at liberty (subject only to the provisions of Regulation 24 and any relevant restrictions in the Investment Agreement) at any time during the period of 90 days after receiving such notification to transfer those Sale Shares for which the Company has not within such period given notice that it has found (or has given notice that it has no prospect of finding) Purchasers, to any person by way of a *bona fide* sale at any price not being less than the Sale Price (after deducting, where appropriate, any dividend or other distribution declared or made after the date of the Transfer Notice and to be retained by the Proposing Transferor) PROVIDED that:
- 6.10.1 the Investors may (by Investor Direction) require the Company to refuse registration of any proposed transferee of any of the Sale Shares if they reasonably believe such proposed transferee to be a competitor of the Company or a person connected with such a competitor (or a nominee of either);
- 6.10.2 if the Transfer Notice contained a Minimum Transfer Condition and the Proposing Transferor was entitled to impose such a condition, the Proposing Transferor shall only be entitled to transfer all the unsold Sale Shares under this Article;
- 6.10.3 if the Transfer Notice contained a Stapling Condition and the Proposing Transferor was entitled to impose such a condition, the Proposing Transferor shall only be entitled to transfer any Sale Shares under this Article if he complies with the Stapling Condition; and
- 6.10.4 the Directors may require to be satisfied (in such manner as they may reasonably think fit) that the Sale Shares are being transferred under this Article pursuant to a *bona fide* sale for the consideration stated in the Transfer Notice without any deduction, rebate or allowance whatsoever to the

purchaser and if not so satisfied may refuse to register the instrument of transfer.

## **7. BARE NOMINEES**

For the avoidance of doubt and without limitation, no share (other than any share so held on 22 December 2006) shall be held by any Member as a bare nominee for, and no interest in any share shall be sold to, any person unless a transfer of such share to such person would constitute a Permitted Transfer. If the foregoing provision shall be infringed the holder of such share shall be bound to give a Transfer Notice in respect thereof.

## **8. COMPULSORY TRANSFERS – GENERAL**

- 8.1 A person entitled to a share in consequence of the bankruptcy of a Member shall be bound at any time, if and when required in writing by the Directors so to do, to give a Transfer Notice in respect of such share, in which event the price per share shall be the lower of cost and market value as determined in accordance with Article 9.4.
- 8.2 If a share remains registered in the name of a deceased Member for longer than one year after the date of his death the Directors may require the legal personal representatives of such deceased Member either to effect a transfer of such shares (including for such purpose an election to be registered in respect thereof) being a Permitted Transfer or to show to the satisfaction of the Directors that a Permitted Transfer will be effected before or promptly upon the completion of the administration of the estate of the deceased Member or (failing compliance with either of the foregoing within one month or such longer period as the Directors may allow for the purpose) to give a Transfer Notice in respect of such share.
- 8.3 If a Member which is a company, or a Permitted Transferee of such Member, either suffers or resolves for the appointment of a liquidator, administrator or administrative receiver over it or any material part of its assets, such Member or Permitted Transferee shall forthwith at the request of the Directors be required to give a Transfer Notice in respect of all of the shares held by such Member and/or such Permitted Transferee.
- 8.4 In any case where a Shareholder or his personal representatives has been required to give or has been deemed to have given a Transfer Notice in respect of all his Shares pursuant to the provisions of Article 9 or 10, and subsequently becomes the holder of further Shares by virtue of his holding of any Shares which are the subject of such Transfer Notice (whether by way of rights or bonus issue, conversion, transfer or otherwise), such Shareholder or his personal representatives (as the case may be) shall be deemed to have given a Transfer Notice pursuant to Article 9 or 10 (as the case may be) in respect of such further Shares.

## **9. COMPULSORY TRANSFERS – 'C' ORDINARY SHARES**

- 9.1 If a Relevant Member or the Relevant Executive in relation to a Relevant Member becomes a Bad Leaver, then (in the absence of Investor Consent in accordance with Article 9.2.2) such Relevant Member shall be deemed to have given on the date which is 30 days after the date on which the Relevant Member or the Relevant Executive concerned (as the case may be) became a Leaver a Transfer Notice (as defined in Article 6, the provisions of which shall apply, subject to the provisions of this Article 9, *mutatis mutandis* in respect of such deemed Transfer Notice) in respect of all of the Ordinary Shares held by such Relevant Member for a price per share

equal to the lower of cost and market value (as determined in accordance with Article 9.4).

9.2 If:

9.2.1 a Relevant Member or the Relevant Executive in relation to a Relevant Member (as the case may be) becomes a Good Leaver, or

9.2.2 a Relevant Member or the Relevant Executive in relation to a Relevant Member becomes a Bad Leaver and within 30 days of such person becoming a Bad Leaver such person is deemed by resolution of the Board (with Investor Consent) to be a Good Leaver for the purposes of this Article 9 in relation to any or all of the Ordinary Shares held by such Relevant Member,

then (unless the Board with Investor Consent resolves otherwise) such Relevant Member shall be deemed to have given, on the date on which the Relevant Executive concerned became a Good Leaver or on which the Board passes a resolution as referred to in 9.22 above, a Transfer Notice (as defined in Article 6, the provisions of which shall apply, subject to the provisions of this Article 9, *mutatis mutandis* in respect of such deemed Transfer Notice) in respect of all of the Ordinary Shares held by such Relevant Member for a price per share determined in accordance with Articles 9.3 and 9.4.

Notwithstanding the foregoing, in the event that the Relevant Member or the Relevant Executive in relation to the Relevant Member (as the case may be) breaches any of the restrictive covenants contained in clause 16 of the Investment Agreement or in his Service Agreement in the period between becoming a Leaver and completion of the transfer of the shares in question then the price per share shall be equal to the lower of cost and market value as at the Leaving Date (to the extent they were originally acquired by the Relevant Member concerned or by the Relevant Executive in relation to the Relevant Member concerned by way of transfer rather than allotment, the 'cost' of the shares concerned shall be the lower of the price at which such shares were allotted and the amount paid by the Relevant Member concerned on such transfer).

9.3 The price per share for the purposes of Article 9.2 shall be:

9.3.1 market value (as determined in accordance with Article 9.4) with respect to that proportion of the Ordinary Shares held by the Relevant Member as is set out in

(a) column (2) in the table below, if the Relevant Member or the Relevant Executive in relation to the Relevant Member (as the case may be) is Charles Earle, Lyn Carslake, Richard Addis, Peter Young or David Cheeseman (each a "**Principal Executive**"); or

(b) column (3) in the table below, if the Relevant Member or the Relevant Executive in relation to the Relevant Member (as the case may be) is not a Principal Executive,

such proportion to be determined in each case by reference to the number of complete calendar months which have elapsed between the "**Vesting Start Date**" (being the later of (i) the date on which the Relevant Member or the Relevant Executive in relation to the Relevant Member (as the case may be) was first issued (or, as the case may be, first acquired) shares in the capital of the Company and (ii) 22 December 2006) and the Leaving Date, and

9.3.2 if such proportion is less than 100%, the lower of cost and market value (as determined in accordance with Article 9.4) with respect to the balance

(in columns (2) and (3) of the table, "n" means the number calculated by dividing 80 by 48 and multiplying the result by the number of complete months from the Vesting Start Date to the Leaving Date, provided that n may not be more than 80)

(1)	(2)	(3)
Number of complete calendar months	Proportion of Ordinary Shares to be sold at market value if the Relevant Member or the Relevant Executive in relation to the Relevant Member (as the case may be) is a Principal Executive	Proportion of Ordinary Shares to be sold at market value if the Relevant Member or the Relevant Executive in relation to the Relevant Member (as the case may be) is not a Principal Executive
Not more than 12 months	20 + n%	0%
More than 12 months	20 + n%	20 + n%

9.4 For the purposes of Articles 9.1 and 9.2 the '**market value**' (subject to the deduction therefrom, where the market value has been agreed with the Board, of any dividend or other distribution declared or made after such agreement and prior to the date on which the Transfer Notice was deemed to have been given) (the "**Notice Date**") shall be whichever is applicable of:

9.4.1 the price per share agreed not more than one month before the Notice Date between the Relevant Member and/or the Relevant Executive and the Board as representing the market value thereof (and in attempting to agree such market value the Board shall provide the Relevant Member and/or the Relevant Executive with a written explanation of the Board's opinion as to the said market value); or

9.4.2 if no such agreement has been reached by the Notice Date, the Board shall refer the matter to the Auditors (unless the Board or the Relevant Member and/or the Relevant Executive do not agree to refer the matter to the Auditors, in which case the matter shall be referred to such firm of independent chartered accountants as the Board and the Relevant Member and/or the Relevant Executive shall agree, or if the Board and the Proposing Transferor fail to agree on such appointment within 21 days of the deemed giving of the Transfer Notice or such longer period as the Relevant Member and/or the Relevant Executive and the Board may agree, such firm of independent chartered accountants as shall be selected by the president for the time being of the Institute of Chartered Accountants in England and Wales on application of the Board or the Relevant Member and/or the Relevant Executive) and the Auditors (or other independent accountants appointed in accordance with this Article) shall determine and certify the sum per share considered in their opinion to be the market value thereof (as between a willing buyer and a willing seller with no discount being made or premium being added for the fact that the shares in question constitute or do not constitute a minority or majority holding of shares in the Company and disregarding any special rights

attaching to any class of shares) as at the Leaving Date. The Auditors (or other independent accountants appointed in accordance with this Article) shall act hereunder at the cost and expense of the Company (save, provided that the Board shall have provided the written explanation referred to in Article 9.4.1, where the market value determined and certified by the Auditors (or other independent accountants appointed in accordance with this Article) does not exceed the price per share offered by the Board by at least 10% then such cost and expense shall be borne in equal shares by the Company and the Relevant Member) 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. The directors and members of the Company (and each of them including, for the avoidance of doubt, the relevant Leaver) shall, at their own cost and expense, be entitled to and shall be given a reasonable opportunity to give the Auditors (or other independent accountants appointed in accordance with this Article) (subject to the Auditors or such other independent accountants providing a confidentiality undertaking in a form reasonably acceptable to the Investors) all information relating to the Company and its subsidiary companies which they reasonably consider fit for determining such a market value.

- 9.5 Notwithstanding any other provision herein contained, unless the Board (with Investor Consent) directs otherwise, any Ordinary Shares held by a Leaver, or the Relevant Executive in relation to a Relevant Member who is a Leaver, after the relevant Leaving Date (and any Ordinary Shares issued to such person after the relevant Leaving Date by virtue of the exercise of any right or option granted or arising by virtue of the Sale Shares held) will cease to confer the right to be entitled to receive notice of, attend and vote at any general meeting of the Company, or any meeting of the holders of any class of shares, with effect from the relevant Leaving Date (or, as the case may be, the date of issue of such shares, if later), and such shares will not be counted in determining the total number of votes which may be cast at any such meeting or for the purposes of any written resolution of any shareholders or any class of shareholders. Such rights will be restored immediately upon the Company registering a valid transfer of such shares in accordance with this Article 9. For so long as any shares are disenfranchised pursuant to this Article 9.5, the voting rights attaching to the shares will be varied so that the holders of the Ordinary Shares of each class are each entitled (as a class) to cast such percentage of votes as they would otherwise have been entitled to cast prior to the suspension of voting rights of the disenfranchised shares.
- 9.6 Each Relevant Executive agrees to resign his directorship of the Company and of each member of the Group upon becoming a Leaver and appoints each of the Investor Directors jointly and severally as his true and lawful attorney to execute all such deeds or documents in connection with such resignation.
- 9.7 If a Transfer Notice is deemed to be given pursuant to Article 9.1 or 9.2 then:
- 9.7.1 the Company shall forthwith give written notice of such occurrence (such notice to include details of all the shares to which such deemed Transfer Notice relates) to each holder of 'A' Ordinary Shares and each holder of 'B' Ordinary Shares. If within 21 days of the giving of such notice by the Company an A&B Majority requires by written notice to the Company (an **"Employee Priority Notice"**) that all or any shares to which such Transfer Notice relates should be transferred to the trustees of an Employee Trust or to

the Company, or be made or kept available either for any person who is an existing director and/or employee of the Company or any subsidiary or a person (whether or not then ascertained) who it is proposed should be appointed as a director and/or employee of the Company or a subsidiary (whether or not in place of the person by whom the relevant Transfer Notice was given) (a "**New Employee**"), then the provisions of Article 9.8 below shall apply in priority to the procedure set out in Article 6; and

9.7.2 whether or not an Employee Priority Notice is given pursuant to Article 9.7.1, the Board may, with the consent of an A&B Majority, require the provisions of Article 9.8 to be applied in priority to the procedure set out in Article 6.

9.8 If an Employee Priority Notice is given, then in relation to the shares the subject thereof (the "**Employee Shares**") the provisions of Article 6 shall be modified hereby and the Employee Shares shall either:

9.8.1 be offered first to the person(s) (and, in the case of more than one, in the proportions) specified in the Employee Priority Notice (conditional, in the case of any prospective director and/or employee, upon his taking up his proposed appointment with the Company or a subsidiary); or

9.8.2 if the relevant Employee Priority Notice so requires, be offered first to persons designated by an A&B Majority upon trust (in the event of the persons to whom the Employee Shares are offered acquiring such shares) for a period not exceeding 12 months, after which time a Transfer Notice (as defined in Article 6) shall be deemed to have been served by such trustees, for a New Employee as and when appointed; or

9.8.3 if the relevant Employee Priority Notice so requires, be offered first to the trustees of the relevant Employee Trust specified in the Transfer Notice; or

9.8.4 if the relevant Employee Priority Notice so requires, be offered first to the Company.

9.9 In the event of an Employee Priority Notice being given, the Company shall (so far as it is legally able) take such steps as are necessary to give effect to the provisions of Article 9.8.

## 10. DRAG ALONG/TAG ALONG PROVISIONS

10.1 If at any time an A&B Majority (for the purposes of this Article 10 the "**Sellers**") intend to sell 75% or more of the 'A' Ordinary Shares for the time being in issue (or any interest in such shares) and 75% or more of the 'B' Ordinary Shares for the time being in issue (or any interest in such shares) (the shares to be sold by the Sellers being referred to for the purposes of this Article 10 as "**Selling Shares**") to a proposed purchaser(s) (the "**Proposed Purchaser**") who has made a *bona fide* offer on arm's length terms for such shares, the Sellers shall give to the Company not less than 28 days' advance notice before the date on which they propose to sell the Selling Shares. Such notice (the "**Selling Notice**") shall include details of (i) the Selling Shares (ii) the price for each Selling Share proposed to be paid by the Proposed Purchaser (iii) the identity of the Proposed Purchaser and (iv) the place, date and time of completion of the proposed purchase ("**Completion**") which shall be a date not less than 28 days from the date of the Selling Notice.

10.2 Immediately upon receipt of a Selling Notice, the Company shall give notice in writing (a "**Sale Notice**") to each of the Members other than the Sellers (the "**Other**")



**Members**") giving the details contained in the Selling Notice At the election of the Sellers, the Sale Notice may contain a provision (a "**Compulsory Sale Notice**") requiring each of the Other Members to sell to the Proposed Purchaser at Completion, on the same terms as those contained in the Selling Notice, all their shares in the Company.

- 10.3 In the absence of a Compulsory Sale Notice being served on the Other Members, any or all of the Other Members may elect, on receipt of a Sale Notice, to treat such Selling Notice as a Compulsory Sale Notice in respect of all the shares held by him, and any Other Member (an "**Electing Other Member**") who does so elect must give written notice to the Company of such election within 14 days of receipt of the Sale Notice Any Electing Other Member shall be treated as though the Sellers had served upon such Electing Other Member a Compulsory Sale Notice in respect of the Relevant Percentage of the shares held by the Electing Other Member.
- 10.4 Each member who is given or treated as having been given a Compulsory Sale Notice shall sell all his shares at the highest price for the same class per Selling Share to be sold to the Proposed Purchaser on Completion by the Sellers and on the terms set out in the Selling Notice. For these purposes only, all of the 'A' Ordinary Shares, 'B' Ordinary Shares and 'C' Ordinary Shares shall be regarded as forming a single class of share.
- 10.5 If any of the Member(s) (the "**Defaulting Member(s)**") fails to comply with the terms of a Compulsory Sale Notice, the Company shall be constituted the agent of each Defaulting Member for the sale of his shares (together with all rights then attached thereto) in accordance with the relevant notice and the Directors may authorise some person to execute and deliver on behalf of each Defaulting Member the necessary transfers and the Company may receive the purchase money in trust for each of the Defaulting Members and cause the Proposed Purchaser to be registered as the holder of such shares. The receipt of the Company for the purchase money, pursuant to such transfers, shall constitute a good and valid discharge to the Proposed Purchaser (who shall not be bound to see to the application thereof) and after he has been registered in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person. The Company shall not pay the purchase money due to the Defaulting Member(s) until he shall, in respect of the shares being the subject of the relevant Compulsory Sale Notice, have delivered his share certificates or a suitable indemnity and the necessary transfers to the Company. No Member shall be required to comply with a Compulsory Sale Notice unless the Sellers shall sell the Selling Shares to the Proposed Purchaser on Completion, subject at all times to the Sellers being able to withdraw the Selling Notice at any time prior to Completion by giving notice to the Company to that effect, whereupon each Compulsory Sale Notice shall cease to have effect.

## **11. INFORMATION CONCERNING SHAREHOLDINGS AND TRANSFERS**

- 11.1 For the purpose of ensuring that a transfer of shares is a Permitted Transfer or that no circumstances have arisen whereby a Transfer Notice is or may be required or deemed 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 allowance, the Directors may from time to time require any member or the legal personal representatives of any deceased member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and 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 requirement 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 6 in respect of the shares concerned.

- 11.2 In a case where the Directors have duly required a Transfer Notice to be given in respect of any shares pursuant to Article 11.1 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 (except and to the extent that a Permitted Transfer of any of such shares shall have been made) 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.
- 11.3 From (and including) the date on which the Directors have duly required a Transfer Notice(s), all holders of shares the subject of such Transfer Notice(s) shall not transfer or encumber any of their shares or any interest in their shares until all proceedings pursuant to such Transfer Notice(s) have been finalised in accordance with these Articles.

## **12. PROCEEDINGS AT GENERAL MEETINGS**

- 12.1 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.
- 12.2 A resolution in writing executed or approved by email or facsimile by or on behalf of the holders of all the issued Ordinary Share Capital or of the shares of any class shall be as valid and effectual as if the same had been duly passed at a general meeting or class meeting (as the case may be) 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.
- 12.3 No business shall be transacted at any general meeting unless a quorum is present throughout the meeting. Any two Members entitled to attend and vote at the meeting shall, provided that one is a holder of 'A' Ordinary Shares and one is a holder of 'B' Ordinary Shares, be a quorum except that, in the event that all of the 'A' Ordinary Shares and 'B' Ordinary Shares in issue are held by the same person, that one Member shall be a quorum. Regulation 40 shall be modified accordingly.

## **13. DIRECTORS AND OFFICERS**

- 13.1 The A&B Majority shall be entitled to appoint and maintain in office up to four persons to the Board (and to any committee of the Board) as non-executive directors and to remove any person so appointed for any reason whatsoever and appoint another person in their place.
- 13.2 The C Majority shall be entitled, with Investor Consent to each appointment, to appoint and maintain in office up to two persons to the Board (and to any committee of the Board) as directors and with Investor Consent to remove any person so appointed for any reason whatsoever and appoint another person in their place.
- 13.3 Each appointment and removal pursuant to Articles 13.1 and 13.2 shall be made by notice in writing to the Company and shall take effect on delivery to the registered office of the Company or at any meeting of the Board.

- 13.4 The Investor Directors and their alternate director(s) shall be entitled to disclose to the Investors such information concerning the Company as they think fit.
- 13.5 The Investor Directors shall, after consultation with the Chief Executive, have the right to nominate a director to act as Chairman of the Board. The Investor Directors shall have the right to remove any Chairman so appointed and, upon his removal whether by the Investor Directors or otherwise, to nominate another director to act as Chairman of the Board in such person's place.
- 13.6 The Company shall reimburse each Investor Director and any alternate director with the reasonable costs and out of pocket expenses (including but not limited to travel expenses) incurred by the Investor Director and any alternate director in respect of attending meetings of the Board or any committee thereof or carrying out authorised business on behalf of the Company.
- 13.7 Board meetings will be held at least once a month. The quorum for the transaction of the business of the Board shall be at least two directors of which one shall be an Investor Director (if at that time any Investor Directors have been appointed by the A&B Majority). Unless the Investor Directors otherwise agree, no business shall be transacted at any meeting (or adjourned meeting) of the Board (or committee of the Board) save for that specified in the agenda referred to in Article 13.8.
- 13.8 The Company shall send to each Investor Director:
- 13.8.1 at least 10 days' advance notice of each meeting of the Board and each committee of the Board, such notice to be accompanied by a written agenda specifying the business to be transacted at such meeting and, at least 5 days prior to the meeting, all papers to be circulated or presented to the same; and
- 13.8.2 as soon as practicable after each meeting of the Board (or committee of the Board) a copy of the minutes thereof.
- 13.9 The Board shall act by majority. In the event of an equality of votes, the Chairman of the Board shall not have a casting vote. Notwithstanding the foregoing, any Investor Director may veto the passing of any Board resolution and require that the matter in question is referred to the A&B Majority for prior approval in which event no action in relation to the referred matter shall be taken by the Company without the receipt of such approval.
- 13.10 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.
- 13.11 Without prejudice to the first sentence of Regulation 89, a meeting of the Directors or of 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 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. A meeting held in this manner shall be deemed to be validly held and shall be deemed to take place where the largest group of participants is physically assembled, or if there is no such group, where the Chairman is physically present. The Directors not present at the place at which the meeting is deemed to be held shall nevertheless be marked as present for the purposes of any minutes of the meeting.

- 13.12 A resolution in writing signed 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.
- 13.13 Subject to Section 175(6) of the 2006 Act, a Director may vote at a meeting of Directors or of a committee of Directors of which he is a member on any resolution and a Director may participate in the transaction of the business of the Directors and count in the quorum at any such meeting of the Directors or a committee of the Directors of which he is a member notwithstanding that it concerns or relates in any way to a matter in which he has, directly or indirectly, any kind of interest or duty This Article does not affect any obligation of a Director to comply with Section 177 and/or Section 182 of the 2006 Act or Regulations 85 and 86 regarding disclosure of interests Regulations 94 to 97 (inclusive) shall not apply to the Company.
- 13.14 Save with regard to an Investor Director, the office of a Director shall be vacated if he shall be removed from office by notice in writing served upon him signed by a majority of his co-Directors but so that if he holds an appointment to an executive office which thereby automatically determines, such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of contract of service or otherwise between him and the Company.
- 13.15 It shall be necessary to give each Director notice of any meetings of the Directors and Regulation 88 shall be modified accordingly.
- 13.16 Unless otherwise determined by the Board, the Company shall have a Secretary.

#### **14. ALTERNATE DIRECTORS**

- 14.1 Any Director (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 approved by resolution of the Directors and 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
- 14.2 An alternate Director shall be entitled:
- 14.2.1 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;
  - 14.2.2 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
  - 14.2.3 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.

- 14.3 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.
- 14.4 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.
- 14.5 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.
- 14.6 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 owed by a Director.
- 14.7 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 alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.
- 14.8 Regulations 65 to 69 shall not apply.

## **15. EXIT PROVISIONS**

- 15.1 In the event of an Exit, the Exit Value shall be apportioned as follows:

15.1.1 first, an amount up to the aggregate of:

- (a) £13,130,176, plus
- (b) an amount calculated at 8 per cent. per annum on £5,139,035 in respect of the period from 1 July 2013 to (and including) the Exit Date, such amount to accrue on a daily basis and to be compounded on 30 June each year

shall be apportioned amongst the holders of the Preference Shares in respect of their holdings of such shares *pari passu* and *pro rata* to the numbers of such shares held by each of them at the Exit Date;

15.1.2 second, following the apportionment of the amount pursuant to Article 15.1.1 above and to the extent the Exit Value exceeds an amount equal to the aggregate of the amounts specified in paragraphs (a) and (b) of that Article, the amount of such excess (if any) shall be apportioned as follows:

- (a) 75% amongst the holders of the 'A' Ordinary Shares and the holders of the 'B' Ordinary Shares, in respect of their holdings of such shares,

*pari passu* and *pro rata* to the numbers of such shares held by each of them at the Exit Date; and

- (b) 25% amongst the holders of the 'C' Ordinary Shares, other than any holders of 'C' Ordinary Shares who are also holders of 'A' Ordinary Shares or 'B' Ordinary Shares, in respect of their holdings of such shares, *pari passu* and *pro rata* to the numbers of such shares held by each of them at the Exit Date.

15.2 At least fourteen days prior to an Exit (or, if later, as soon as practicable after it becomes aware of the real possibility thereof) the Board shall estimate the likely date of such Exit, procure that the calculations for determination of the Exit Value (and the apportionment thereof in accordance with Article 15.1) are carried out and that the Auditors certify that such calculations have, in their opinion, been performed in accordance with the provisions of these Articles, and notify the holders of the Preference Shares, the 'A' Ordinary Shares, the 'B' Ordinary Shares and the 'C' Ordinary Shares of the results of such calculations. The Directors shall use all reasonable endeavours to procure the agreement, within seven days after giving such notifications, of the holders of three quarters or more in nominal value of each such class of shares as to the accuracy of such calculations and in such period to obtain a record of that agreement in a certificate signed by or on behalf of the holders of three quarters or more in nominal value of each such class of shares. If they fail to procure such agreement, the Directors shall procure the determination of the accuracy of such calculations by the Auditors who shall issue a certificate to such effect accordingly and shall for such purposes be deemed to be acting as experts and not as arbitrators and whose certificate shall be final and binding on all Shareholders, each of whom shall be sent a copy as soon as practicable following its issue. Any such certificate of the Auditors shall be obtained at the expense of the holders of the [the Preference Shares,] the 'A' Ordinary Shares, the 'B' Ordinary Shares and the 'C' Ordinary Shares *pro rata* to their holdings of such shares PROVIDED ALWAYS THAT if the Exit shall not occur by the date as at which or on the terms on which the said calculations were made, the procedures set out in this Article 15.2 shall be repeated (if the Exit is still likely to occur) by reference to the next date on which the Directors estimate the Exit is likely to occur and/or by reference to the actual terms concerned, as appropriate.

15.3 On an Exit such adjustments and arrangements shall be made as shall be necessary to give effect to the foregoing provisions of this Article to the intent (without limitation) that the Exit Value shall be duly apportioned between the holders of the shares of the Company as required by these Articles and that all such conversions or redesignations of all shares into ordinary shares ranking *pari passu* shall be effected for such purpose, and the Directors are hereby authorised (as if a Special Resolution to that effect had been hereby passed and as if all separate resolutions or consents required under these Articles had been passed or given) to effect any such conversions and redesignations so required. For these purposes:

15.3.1 upon determination as provided in this Article of the number of shares to be converted as aforesaid, the Company shall give notice thereof to the holders of the shares concerned who (subject to receipt of such notice) shall be obliged to surrender to the Company the certificates in respect of such shares (or to provide an appropriate indemnity in a form reasonably satisfactory to the Company) so as to be received by the Company before the Exit Date, as appropriate;

15.3.2 any redesignations or allotments of shares upon or arising from any conversion (whatever the manner of conversion) shall be effected on the Exit Date and immediately prior to the Exit provided that the Company shall be entitled but not obliged to effect any redesignations and/or such allotments in respect of shares converted for which it has not received the certificates (or an appropriate indemnity) as provided above. On a Sale or (in the case of any other Exit) within fourteen days after the date of conversion, the Company shall send to each holder whose shares have been converted a definitive certificate for the appropriate number of fully-paid ordinary shares then relevant to the certificates surrendered by him or to his enlarged shareholding as appropriate (save that no certificate need be issued to any such holder in respect of any of such holder's shares which are sold pursuant to a Sale);

15.3.3 on a Sale, notwithstanding anything to the contrary in the terms and conditions governing such Sale, if so required by the Investors, the selling Shareholders involved in the Sale shall procure that the consideration (whenever received) shall be placed in a designated trust account and distributed appropriately between such selling Shareholders in such amounts and in such order of priority as is applicable pursuant to Article 15.1.

## **16. NOTICES AND COMPANY COMMUNICATIONS**

### ***Method of communication***

16.1 Subject to the provisions of the 2006 Act, any document or information required or authorised to be sent or supplied by the company to any member or any other person pursuant to these Articles, and the 2006 Act or any other rules or regulations to which the company may be subject, may be sent or supplied in hard copy form, in electronic form, by means of a website or in any other way in which documents or information may be sent or supplied by the company pursuant to the 2006 Act, provided that notices of Board meetings need not be in writing. The provisions of the 2006 Act which apply to sending or supplying a document or information required or authorised to be sent or supplied by the 2006 Act by making it available on a website shall, mutatis mutandis, apply to the sending or supplying of any document or information required or authorised to be sent by these Articles or any other rules or regulations to which the company may be subject, by making it available on a website.

### ***Address for service***

16.2 The company may send or supply any document or information to a member either personally, or by post in a prepaid envelope addressed to the member at his registered address or at his address for service, or by leaving it at that address or any other address for the time being notified to the company by the member for the purpose, or by sending or supplying it using electronic means to an electronic address for the time being notified to the company by the member for the purpose, or by any other means authorised in writing by the member concerned. A member whose registered address is not within the United Kingdom and who gives the company an address within the United Kingdom to which documents or information may be sent or supplied to him or gives an electronic address to which documents or information may be sent or supplied using electronic means, shall be entitled to have documents or information sent or supplied to him at that address, but otherwise such member shall be entitled to receive any document or information from the company at their registered address.

### ***Service on joint holders***

- 16.3 In the case of joint holders of a share, if the company sends or supplies any document or information to one of the joint holders, it shall be deemed to have been properly sent or supplied such document or information to all the joint holders.

### ***Undelivered documents or information***

- 16.4 If, on at least 2 occasions, the company has attempted to send any document or information by electronic means to an address specified (or deemed specified) for the purpose and a delivery failure (or other similar) notification has been received by the company, the company thereafter shall, send documents or information in hard copy form or electronic form (but not by electronic means) to such member at his registered address or address for service within the United Kingdom or where applicable at a registered address which is outside the United Kingdom (whether by hand, by post or by leaving it or them at such address), in which case the provisions of Article 16.5 shall apply.

- 16.5 If on 3 consecutive occasions documents or information have been sent or supplied to any member at his registered address or address for the service of such documents or information in the United Kingdom or where applicable at a registered address which is outside the United Kingdom but have been returned undelivered, such member shall not thereafter be entitled to receive any documents or information from the company until he shall have communicated with the company and supplied in writing a new registered address or address within the United Kingdom for the service of documents or information or where applicable a new registered address which is outside the United Kingdom or an electronic address to which documents or information may be sent or supplied using electronic means.

### ***Evidence of service and deemed delivery***

- 16.6 Any member present, in person or by proxy at any meeting of the company or of the holders of any class of shares of the company, shall be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was called.
- 16.7 Any document or information, addressed to a member (or other person to whom such document or information is required or authorised to be sent pursuant to these Articles, the 2006 Act or otherwise) at his registered address or address for service in the United Kingdom (or electronic address, as the case may be) shall:
- (a) if hand delivered or left at a registered address or other address for service in the United Kingdom or where applicable a registered address which is outside the United Kingdom, be deemed to have been served or delivered on the day on which it was so delivered or left;
  - (b) if sent or supplied by post (whether in hard copy form or in electronic form), be deemed to have been received at the expiration of 24 hours (72 hours for a registered address which is outside the United Kingdom) after the envelope was posted;
  - (c) if sent or supplied by electronic means (other than by means of website), be deemed to have been received (if sent or supplied between the hours of 9 a.m. and 5 p.m. on a working day) at the time it was sent, or (if sent or supplied at any other time) at 9 a.m. on the next following working day; and



- (d) if sent or supplied by means of a website, be deemed to have been received when the material was first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.
- 16.8 In calculating a period of hours for the purpose of Article 16.7, account shall be taken of any part of a day that is not a working day
- 16.9 Subject to Article 16.6, in proving such service or delivery it shall be sufficient to prove that the envelope containing the document or information was properly addressed and put into the post in a prepaid envelope or, in the case of a document or information sent or supplied by electronic means, that it was sent or supplied in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators entitled "Electronic Communications with Shareholders 2007" (as such guidance is amended or updated from time to time).
- 16.10 company shall not be held responsible for any failure in transmission beyond its reasonable control and the provisions of Articles 16.6 to 16.9 (inclusive) shall apply regardless of any document or information being returned undelivered and regardless of any delivery failure notification or "out of office" or other similar response and any such "out of office" or other similar response shall not be considered to be a delivery failure.
- 16.11 Regulations 111, 112 and 115 shall not apply to the company.

## **17. INDEMNITY, FUNDING AND INSURANCE**

- 17.1 Subject to (but to the fullest extent permitted by) the provisions of the 2006 Act and without prejudice to any indemnity to which he may otherwise be entitled:
  - (a) any person who is a Director, secretary or other officer (other than any person engaged as auditor) of the Company or any associated company (which shall, for the purposes of this Article 18 have the meaning given in Section 256, 2006 Act) shall be indemnified out of the assets of the company against all or any part of any costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution or discharge of his duties or in the actual or purported exercise of his powers in relation to the affairs of the Company or associated company, or incurred by him in connection with the Company's activities as trustee of any occupational pension scheme (which shall, for the purposes of this Article 18 have the meaning given in Section 235(6), 2006 Act); and
  - (b) any person who is a Director, secretary or other officer (other than any person engaged as auditor) of the company or any holding company (as such is defined in Section 1159 and Schedule 6, 2006 Act) may, at the discretion of the Board be provided with funds to meet any expenditure incurred or to be incurred by him as provided in Sections 205 and 206, 2006 Act (or to enable him to avoid incurring any such expenditure).
- 17.2 Subject to the provisions of the 2006 Act, the company may (as the Directors shall, in their absolute discretion, determine) purchase and maintain, at the expense of the Company, insurance for any person who is a Director, secretary or other officer (other than any person engaged as auditor) of the Company or any associated company in respect of all or any part of any costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution or discharge of his duties or in the actual or purported exercise of his powers in relation to the affairs of the

Company, or incurred by him in connection with the Company's activities as trustee of any occupational pension scheme.

- 17.3 Subject to the provisions of the 2006 Act, the Company shall be entitled (but not obliged) to indemnify every auditor of the Company against any liability incurred by him in defending any proceeding, whether civil or criminal, which relates to anything done or omitted to be done or alleged to have been done or omitted to be done by him as auditor, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability to pay any amount in respect of any such action or omission.
- 17.4 The Directors are authorised to determine the scope and terms of any such indemnity granted under this Article 18 to any such person and the determination shall be recorded in the minute books of Directors' proceedings together with a copy of any instrument of indemnity entered into in favour of any such person.
- 17.5 Regulation 118 shall not apply to the company.

## **18. CLASS RIGHTS**

- 18.1 In addition to any other approval required by law or these Articles and notwithstanding any other provision of these Articles, those matters relating to the Company set out in 20 to these Articles shall require the prior consent of Canopus (or any Permitted Transferee within Article 5.1.4) for so long as it continues to hold 'A' Ordinary Shares or 'B' Ordinary Shares in issue from time to time given in accordance with Article 18.2 save to the extent that consent has been given to the occurrence of a specific matter under clause 10 of the Investment Agreement in which event consent shall be deemed to have been given in accordance with Article 18.2 to the occurrence of such specific matter
- 18.2 Any consent required by Article 18.1 shall be in writing and may consist of one document or several documents whether or not in like form The Company shall seek such consent after the matter requiring such consent has been considered at a duly convened meeting of the directors by giving to Canopus (or any Permitted Transferee within Article 5.1.4 in relation thereto) written notice that a decision in respect of such matter is required Such notice shall be accompanied by the recommendation of the Board with regard to the decision to be made
- 18.3 The power to give any consent required by this Article 18 may from time to time be delegated by Canopus (or any Permitted Transferee within Article 5.1.4 in relation thereto) to any Investor Director(s) appointed by Canopus from time to time by notice in writing to that effect served on the Company (and withdrawn in like manner). Any such notice shall be binding on Canopus or any Permitted Transferee within Article 5.1.4 in relation thereto (as the case may be) at the relevant time.

## **19. CONFLICTS OF INTEREST**

- 19.1 Subject to Schedule 1 and subject to and in accordance with the 2006 Act:
- (a) the Directors may authorise any matter or situation arising on or after 1 October 2008 in which a Director (the "**Conflicted Director**") has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (including, without limitation, in relation to the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it) and for this purpose a conflict of interest

includes a conflict of interest and duty and a conflict of duties (the "**Conflict Situation**");

- (b) any authorisation given in accordance with this Article 19 may be made on such terms and subject to such conditions and/or limitations as the Directors may, in their absolute discretion, determine (including, without limitation, excluding the Conflicted Director and any other interested Director from certain Board meetings, withholding from him or them certain Board or other papers and/or denying him or them access to certain confidential Company information) and such terms, conditions and/or limitations may be imposed at the time of or after the authorisation and may be subsequently varied or terminated; and
- (c) in considering any request for authorisation in respect of a Conflict Situation, the Directors shall be entitled to exclude the Conflicted Director from any meeting or other discussion (whether oral or written) concerning the authorisation of such Conflict Situation and they shall also be entitled to withhold from such Conflicted Director any Board or other papers concerning the authorisation of such Conflict Situation.

19.2 Without requiring authorisation under the provisions of Article 19.1, a Director may be or become subject to one or more Conflict Situations as a result of him having a direct or indirect interest in any transaction or arrangement with, holding any office, employment or position with, or having any other direct or indirect interest (including, without limitation, any economic or commercial interest) in any Group Company. For the purpose of this Article 19.2 "**Group Company**" means any subsidiary and subsidiary undertaking of the Company, any parent undertaking of the Company and any of its subsidiaries or subsidiary undertakings (as such terms are defined in the 2006 Act) Regulation 85 is extended accordingly.

19.3 If any Conflict Situation is authorised or otherwise permitted under these Articles, the Conflicted Director (for as long as he reasonably believes such Conflict Situation subsists):

- (a) shall not be required to disclose to the Company (including the Board or any committee of it) any confidential information relating to such Conflict Situation which he obtains or has obtained otherwise than in his capacity as a Director of the Company, if to make such disclosure would give rise to a breach of duty or breach of obligation of confidence owed by him to another person;
- (b) shall be entitled to attend or absent himself from all or any meetings of the Board (or any committee of it) at which anything relating to such Conflict Situation will or may be discussed; and
- (c) shall be entitled to make such arrangements as he thinks fit to receive or not to receive documents or information (including, without limitation, Board papers (or those of any committee of it)) relating to any such Conflict Situation and/or for such documents or information to be received and read by a professional adviser on his behalf,

and in so doing, such Conflicted Director shall not be in breach of any general duty he owes to the Company pursuant to Sections 171 to 177 (inclusive), 2006 Act and the provisions of this Article 19.3 shall be without prejudice to any equitable principle or rule of law which may excuse the Conflicted Director from disclosing information or attending meetings or receiving documents or information, in circumstances where

such disclosure, attendance or receipt would otherwise be required under these Articles.

19.4 Where a Conflict Situation has been authorised or is otherwise permitted under these Articles:

- (a) the Conflicted Director shall not, by reason of his office, be liable to account to the Company for any dividend, profit, remuneration, superannuation payment or other benefit which he derives from any matter, office, employment or position which relates to such Conflict Situation;
- (b) no contract, arrangement, transaction or proposal shall be avoided on the grounds of the Conflicted Director having any interest in the Conflict Situation or receiving any such dividend, profit, remuneration, superannuation, payment or other benefit; and
- (c) the receipt of any such dividend, profit, remuneration, superannuation, payment or other benefit so authorised or permitted shall not constitute a breach of the duty not to accept benefits from third parties as set out in Section 176, 2006 Act,

provided the Conflicted Director has disclosed the nature and extent of his interest in the Conflict Situation to the other Directors Regulation 85 is extended accordingly.

**20. SHARE TRANSFERS**

20.1 Notwithstanding anything contained in these Articles, the directors shall promptly register any transfer of shares and may not suspend registration of shares, whether or not fully paid, where such transfer:

- (a) is to the bank or institution to which such shares have been charged by way of security, whether as agent and security trustee for a group of banks or institutions or otherwise, or to any nominee or any transferee of such a bank or institution (a "**Secured Institution**"), or
- (b) is delivered to the Company for registration by any duly authorised representative of a Secured Institution or its nominee in order to perfect its security over the shares, or
- (c) is executed by a Secured Institution or its nominee pursuant to the power of sale or other power under such security,

and furthermore notwithstanding anything to the contrary contained in these Articles no transferor of any shares in the Company or proposed transferor of such shares to a Secured Institution or its nominee and no Secured Institution or its nominee shall be required to offer the shares which are or are to be the subject of any transfer aforesaid to the shareholders for the time being of the Company or any of them, and no such shareholder shall have any right under the articles or otherwise howsoever to require such shares to be transferred to them whether for consideration or not. Any lien on shares which the Company has or any other restrictions on or conditions applicable to the transfer of shares contained in these Articles or otherwise shall not apply in respect of any shares which have been charged by way of security to a Secured Institution.