

THE COMPANIES ACTS 1985 AND 1989

PRIVATE COMPANY LIMITED BY SHARES

WRITTEN RESOLUTIONS

of

PATISSERIE HOLDINGS LIMITED (the "Company")

I, being the sole member of the Company who at the date of these resolutions is entitled to attend and vote at general meetings of the Company, hereby unanimously **RESOLVE** that the following resolutions be passed as written resolutions having effect as ordinary resolutions and of the special resolutions of the Company in accordance with section 381A Companies Act 1985 and agree that the said resolutions shall for all purposes be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held -

ORDINARY RESOLUTIONS

- 1 THAT the authorised share capital of the Company be increased from £1,000 divided into 1,000 ordinary shares of £1 00 each by the creation of a further 500 shares of £1 00 each, each having the rights as set out in the new articles of association to be adopted by the Company pursuant to resolution 6 below
- 2 THAT, subject to the passing of resolution 1 above, all of the issued and unissued ordinary shares of £1 00 each be subdivided into ordinary shares of £0 001, each having the rights set out in the new articles of association to be adopted by the Company pursuant to resolution 6 below
- 3 THAT, subject to the passing of resolutions 1 and 2 above 72,572 ordinary shares of £0 001 each in the capital of the Company be redesignated as "A" ordinary shares of £0 001 each, each having the rights set out in the new articles of association to be adopted by the Company pursuant to resolution 6 below
- 4 THAT, in substitution for any previous authority, the directors be hereby generally and unconditionally authorised, in accordance with section 80 Companies Act 1985, to allot relevant securities (as defined in that section) up to a maximum aggregate nominal amount of relevant securities of £1,500, provided that this authority will expire on the date being five years from the date on which this resolution is passed, but the Company may before this authority expires make an offer or agreement which would or might require relevant securities to be allotted after this authority expires and the directors may allot relevant securities pursuant to such offer or agreement as if this authority had not expired

SPECIAL RESOLUTIONS

- 5 THAT, subject to the passing of resolution 2 the directors be hereby given power in accordance with section 95 Companies Act 1985 and Article 4 of the articles of association to allot equity securities (within the meaning of section 94 of that Act) pursuant to the authority conferred by resolution 2 above as if section 89(1) of the Act did not apply to the allotment provided that such power shall expire on the date being five years from the date on which this resolution is passed unless previously renewed, varied or revoked by the Company in general meeting but the Company may before such expiry make an offer or agreement which would or might require equity securities

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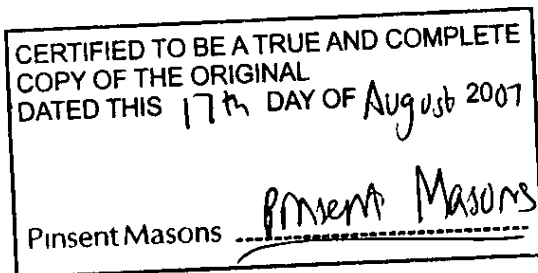
- 6 THAT the regulations contained in the new articles of association in the form attached hereto be and they are hereby adopted as the articles of association of the Company to the exclusion of and in substitution for the existing articles of association of the Company



AS ATTORNEY

Luke Johnson

Dated 10 July 2007



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AS ATTORNEY

Luke Johnson

Dated 10 July 2007

CERTIFIED TO BE A TRUE AND COMPLETE
COPY OF THE ORIGINAL
DATED THIS 17th DAY OF August 2007

Pinsent Masons



22/12

Company No 0607007

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

of

PATISSERIE HOLDINGS LIMITED

(Adopted by special resolution passed on 10 July 2007)

CERTIFIED TO BE A TRUE AND COMPLETE
COPY OF THE ORIGINAL
DATED THIS 17th DAY OF August 2007

Pinsent Masons



Pinsent Masons

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THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

of

PATISSERIE HOLDINGS LIMITED

(the "Company")

(Adopted by special resolution passed on 10 July 2007)

1 PRELIMINARY

1.1 In these Articles -

- "Act"** means the Companies Act 1985 and every statutory modification or re-enactment thereof for the time being in force
- "Affiliate"** in relation to any undertaking ("**U**"), a parent undertaking of U, a subsidiary undertaking of U, a subsidiary undertaking of a parent undertaking of U or a parent undertaking of a subsidiary undertaking of U
- "A Ordinary Shareholder"** means a holder of any A Ordinary Shares and "**A ordinary Shareholders**" shall be construed accordingly
- "A Ordinary Shares"** means an A Ordinary Share in the capital of the Company and "**A Ordinary Shares**" shall be construed accordingly
- "Articles"** means these articles of association, as amended from time to time
- "Associated Company"** means any company which, in relation to the Company, is an associated company as that term is defined in section 416 of the Taxes Act but with the omission of the words "or at any time within one year previously"
- "Bad Leaver"** means a person who ceases to be an Employee where such cessation occurs for one of the following reasons
- (a) in the performance of his duties or otherwise he commits any act of gross misconduct or act of misconduct having already received a final written warning,
 - (b) he is disqualified from holding or ceases to hold office as a director of the Company or any Group Company by virtue of any court order, under any provision of general law,

- (c) he is convicted of any criminal offence (excluding an offence under road traffic legislation in the United Kingdom and elsewhere for which a penalty of imprisonment cannot be imposed),
- (d) in the case of any Manager excluding Paul May and Chris Marsh, he commits a material breach of the terms of the Investment Agreement,
- (e) in the case of Paul May and/or Chris Marsh only, he voluntarily resigns,

together with, in each case, any other person who becomes a Leaver as a consequence thereof

"Board"

means the board of directors of the Company (or any duly authorised committee thereof) from time to time

"Chairman"

has the meaning given in article 17

"Connected Person"

has the meaning attributed by section 839 ICTA

"Controlling Interest"

means an interest in shares in a company conferring in aggregate more than 60% of the total voting rights conferred by all the issued shares in that company, taking account, at the relevant time, of provisions regarding voting rights contained in the articles of association of that company

"Defined Group"

means an Investor and, where relevant, its subsidiaries, holding companies and subsidiaries of such holding companies and -

- (a) any partnership of which any of them is general partner, limited partner, manager or adviser or in which any of them is otherwise interested,
- (b) any unit trust or fund of which any of them is trustee, manager, adviser, general partner or limited partner or in which any of them is otherwise interested, and
- (c) any unit trust, partnership or fund the managers of which are advised by any of them,

in each case from time to time,

"Employee"

means a person (other than an Investor) who, at any time, is a director and/or an employee of any Group Company or whose services are made available to any Group Company under the terms of an agreement between any Group Company on the one hand and such individual or any other person on the other hand (and "employment" shall be construed to include such an agreement)

"Employee Trust"

means a trust established with Investor Consent and whose beneficiaries are the bona fide employees (and, subject to the rules of such trust, ex-employees) of any Group Company

"Excluded Person"

means -

- (a) any Leaver, or
- (b) any Employee who has given, or been given, notice to terminate his contract of employment with any Group Company

"Fair Price"

means such price, in respect of any Sale Shares and (where applicable) Managers' Loan Notes, as the transferor and (with Investor Consent) the Company shall agree within ten days after the date of the relevant Transfer Notice or, failing such agreement, such price as the Independent Expert shall determine pursuant to article 10 3

"Family Trust"

means a trust, the terms and trustees of which have been approved by Investor Consent (such approval not to be unreasonably withheld), which does not permit any of the property subject to the trust or the income therefrom (or any interest in such property and/or income) to be applied otherwise than for the benefit of -

- (a) an Individual Investor (as defined in article 9 1 1) and/or a Privileged Relation of that Individual Investor, or
- (b) any charity or charities as default beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the property (or any interest in such property and/or income) or the income therefrom when the trust is created, but may become so interested if there are no other beneficiaries from time to time except another such charity or charities),

and under which no power of control is capable of being exercised over the votes of any Shares which are the subject of the trust by any person other than the trustees or the Individual Investor or the Privileged Relations of the Individual Investor, and "trust" includes a trust arising under a settlement, or declaration of trust, inter vivos but excludes testamentary disposition or a trust arising on an intestacy

"financial period"

an accounting reference period (as defined by the Act) of the Company

"Good Leaver"

means a Leaver who is not a Bad Leaver

"Group"

means the Company and its subsidiaries, all holding companies of the Company, and all subsidiaries of each such holding company, in each case, from time to time

"Group Company"

means each of the companies referred to in the definition in these Articles of **"Group"**

"ICTA"

means the Income and Corporation Taxes Act 1988

"Independent Expert"

means an umpire (acting as an expert and not as an arbitrator) nominated by the parties concerned or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in

England and Wales

"Investment Agreement"	means the agreement dated on or around the date of adoption of these Articles between (1) the Company, (2) Risk Capital LLP, (3) Luke Johnson, (4) Mark Farrer-Brown, (5) Ben Redmond, (6) Paul May, (7) Christopher Marsh, (8) the Original Manager (as defined in that agreement) and (9) Risk Capital Partners Limited
"Investors"	means those persons who are "Investors" within the meaning of this expression in the Investment Agreement or any nominee of any such person, and "Investor" means any of them
"Investment Fund"	any person holding shares in the capital of the Company (including any beneficial interest in such shares) for investment purposes and being designated as such by the Majority Holders and for these purposes Risk Capital LLP shall be deemed to be an Investment Fund
"Investor Consent"	means the giving of a prior written consent by the Majority Holders
"Investor Direction"	means the giving of a prior written direction by the Majority Holders
"Investor Director"	means a director appointed pursuant to article 16
"Investor Shares"	means any Ordinary Shares held by an Investor (or its nominee)
"Investor Loan Notes"	means the £5,036,658 principal sum 8% secured loan notes of Patisserie Valerie Holdings Limited constituted by an instrument dated 15 September 2006
"Issue Price"	means, in relation to a Share, the price at which such Share is issued, being the aggregate of the amount paid up or credited as paid up in respect of the nominal value of such Share and any share premium thereon
"Leaver"	means - <ul style="list-style-type: none">(a) any Employee who is a Shareholder who ceases to be an Employee for whatever reason,(b) any Employee who becomes a Sold Employee,(c) any Employee who is made the subject of a bankruptcy order or has a receiving order or an administration order made against him or makes any composition or arrangement with his creditors generally or otherwise takes advantage of any statute from time to time in force offering relief for insolvent debtors,(d) any person (other than an Investor) who becomes entitled to any Shares -<ul style="list-style-type: none">(i) on the death of a Shareholder (if an

individual),

- (ii) on the receivership, administrative receivership, administration, liquidation or other arrangement for the winding-up (whether solvent or insolvent) of a Shareholder (if a company), or
 - (iii) on the making of bankruptcy order, receiving order or an administration order made against a Shareholder (if an individual) or such a Shareholder making any composition or arrangement with his creditors generally or otherwise taking advantage of any statute from time to time in force offering relief for insolvent debtors,
 - (iv) on the exercise of an option after ceasing to be an Employee,
- (e) any Shareholder holding Shares as a nominee for any person who ceases to be an Employee

"Leaver's Loan Notes"

means all of the Managers' Loan Notes held by a Leaver, or to which he is entitled, on the Leaving Date and any Managers' Loan Notes howsoever acquired by a Leaver after the Leaving Date

"Leaver's Shares"

means

- (i) in the case of Paul May, all of the A Ordinary Shares held by him, or to which he is entitled, and any A Ordinary Shares acquired by him after the Leaving Date, whether under an employee's share scheme or otherwise,
- (ii) in the case of any Leaver other than Paul May, all of the Shares held by a Leaver, or to which he is entitled, on the Leaving Date and any Shares acquired by a Leaver after the Leaving Date, whether under an employees' share scheme or otherwise

"Leaving Date"

means, in relation to a Leaver, the date on which the relevant person becomes a Leaver which, in the case of any Shareholder who becomes a Leaver by virtue of any person ceasing to be an Employee, shall be the Termination Date in relation to such Employee

"Listing"

mean the admission of any Shares to the Official List of the UK Listing Authority and such admission becoming effective or the grant of permission for any Shares to be dealt in on recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000) or any other public securities market, and such permission becoming effective

"Loan Notes"

means the Investor Loan Notes and the Managers' Loan Notes

"Majority Holders"	means persons who together at the relevant time hold more than 50% in number of the Ordinary Shares in issue at that time
"Manager"	means any person who is a "Manager" within the meaning of this expression in the Investment Agreement or any nominee of any such person
"Managers' Loan Notes"	means the £580,342 principal sum 8% secured loan notes of Patisserie Valerie Holdings Limited constituted by an instrument dated 15 September 2006
"Ordinary Share"	means an ordinary share of £0.001 in the capital of the Company and "Ordinary Shares" shall be construed accordingly
"Ordinary Shareholder"	means a holder of any Ordinary Shares and "Ordinary Shareholders" shall be construed accordingly
"Privileged Relation"	means, in relation to an Investor, the spouse of the Investor and the Investor's children and grandchildren (including step and adopted children and their issue) and step and adopted children of the Investor's children
"Sale"	means the sale of the whole of the issued equity share capital of the Company to a single buyer or to one or more buyers (all of whom are unconnected with any member of the Group and who is not an Associated Company) as part of a single transaction
"Sale Price"	has, in respect of the Leaver's Shares and the Leaver's Loan Notes (if any) held by the Leaver in question, the meaning given in article 10.2
"Sale Securities"	means those Shares and (if applicable) Managers' Loan Notes in respect of which a Leaver shall be deemed to have served a Transfer Notice in accordance with article 9.5
"Seller"	the holder of a Share which is the subject of a Transfer Notice
"Senior Bank"	means HSBC Bank plc
"Senior Loan Agreements"	<p>means the following agreements dated on or around the date of the adoption of these Articles entered into between, <i>inter alios</i>, the Company and the Senior Bank</p> <p>(a) an on-demand facility agreement relating to loan facilities of an aggregate amount of £[], and</p> <p>(b) a collective net overdraft facility agreement relating to overdraft facilities with a limit of £[]</p>
"Service Agreement"	means the service agreement entered into between the Company and the Manager, from time to time, and as the same may be replaced or amended and "Service Agreement" shall be construed accordingly
"Share"	means any share in the capital of the Company from time to time (and "Shares" shall be construed accordingly)

"Shareholder"	means a holder of any Share
"Share Sale"	means the completion of any sale of any interest in any Shares (whether in one transaction or a series of related transactions) resulting in the transferee (either alone or together with its Connected Persons) holding a Controlling Interest in the Company
"Sold Employee"	means an Employee who ceases to be an Employee as a result of any Group Company - <ul style="list-style-type: none"> (a) ceasing to hold more than 50% in nominal value of the ordinary share capital of, and/or more than 50% of the voting rights in, the Group Company which employs such Employee, or (b) ceasing to own the business or, as the case may be, that part of the business which employs such Employee
"Start Date"	means the date on which the Fair Price of the relevant Sale Shares is agreed or determined
"Statutes"	means the Act, the Companies Act 1989 and every other statute (including any orders, regulations and other subordinate legislation made under them) for the time being in force concerning companies and affecting the Company
"Table A"	means Table A in the Companies (Tables A – F) Regulations 1985 as amended by the Companies (Tables A – F) (Amendment) Regulations 1985
"Termination Date"	means - <ul style="list-style-type: none"> (a) where employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires, or (b) where a contract of employment is terminated by notice given by the employer and a payment is made in lieu of notice, the date on which such payment was made by the employer, or (c) where the Employee concerned is a director and an employee of any Group Company (or Group Companies), the date on which all of the Employee's contracts of employment with the Group Companies are or have been terminated, or (d) where the Employee concerned is a director (but not an employee) of any Group Company, the date on which all of the contracts for the provision of his services (whether entered into directly with him or with a third party) with the Group Companies are or have been terminated, or (e) in any other case, the date on which the contract of employment is terminated

"Third Party Purchaser"	means a person (who is not an Investor) and any Connected Person of such person (in each case whether or not an existing Shareholder)
"Transfer Notice"	means a written notice deemed to be served on the Company in accordance with articles 9, 10 or 11 by a Shareholder who is required to transfer any Shares
"voting rights"	shall be construed in accordance with section 736(A) of the Act

1 2 The regulations contained in or incorporated in Table A shall apply to the Company save insofar as they are excluded or varied hereby or are inconsistent herewith and such regulations (save as so excluded varied or inconsistent) and the Articles shall be the regulations of the Company

1 3 An Investor Consent or Investor Direction required or permitted to be given under these Articles may be given by any Investor Director who is appointed and continuing to hold office as an Investor Director

1 4 In the last paragraph of Regulation 1 of Table A, the words "and in articles of association adopting the same" shall be inserted after the word "regulations" in the first line, the words from "but excluding" to "company" shall be deleted and the sentence "Any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force" shall be inserted at the end of that paragraph

1 5 Regulations 46, 50, 54, 64, 73-77 and 79-80 (inclusive), 81, 82, 85, 86, 94-98 (inclusive) and 118, and the last sentence of regulation 112, of Table A shall not apply to the Company

1 6 The terms "subsidiary" and "holding company" bear the respective meanings attributed to them in section 736 as supplemented by section 736A of the Act (each as amended, if applicable, by the Limited Liability Partnerships Regulations 2001) The terms "parent undertaking" and "subsidiary undertaking" bear the respective meanings attributed to them in section 258 of the Act, and the interpretation provisions of section 259 of the Act (the meaning of "undertaking" and related expressions) shall apply to these Articles

2 **SHARE CAPITAL**

The authorised share capital of the company is £1,500 divided into 1,427,428 Ordinary Shares and 72,572 A Ordinary Shares

3 **SHARE RIGHTS**

Except as expressly provided otherwise in these Articles, the Ordinary Shares and A Ordinary Shares shall rank *pari passu* in all respects

3 1 **Income**

No dividend or other distribution shall be declared or paid to the Ordinary Shareholders or A Ordinary Shareholders in respect of any financial period of the Company without Investor Consent and any such dividend or other distribution shall then be apportioned among the Ordinary Shareholders or A Ordinary Shareholders (on the due date for payment) *pro rata* accordingly to the number of Ordinary Shares or A Ordinary Shares held by them

3 2 **Capital, Sale and Listing**

On a Sale, a Listing or return of assets on liquidation, capital reduction or otherwise the assets of the Company remaining after the payment of its liabilities or the consideration for the Shares upon a Sale or Listing shall be distributed amongst the Ordinary Shareholders and A Ordinary

Shareholders pro rata according to the number of Ordinary Shares or A Ordinary Shares held by them

3.3 **Voting**

Subject to any special rights or restrictions as to voting attached to any Ordinary Shares or A Ordinary Shares by or in accordance with these Articles, on a show of hands every Ordinary Shareholder and A Ordinary Shareholder who (being an individual) is present in person or (being a corporation) is present by a representative not being himself an Ordinary Shareholder or A Ordinary Shareholder shall have one vote, and on a poll every Ordinary Shareholder or A Ordinary Shareholder who is present in person or by proxy or (being a corporation) is present by a representative or by proxy shall (except as hereinafter provided) have one vote for every Ordinary Share and A Ordinary Share of which he is the holder

4 **CLASS RIGHTS**

Whenever the capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated with the consent in writing of the holders of 75% in nominal value of the issued shares of that class

5 **LIEN**

The lien conferred by regulation 8 of Table A shall apply to all Shares (not being fully paid) and to all Shares registered in the name of any person indebted or under liability to the Company whether he be the sole registered holder thereof or one of several joint holders

6 **CALLS**

The liability of any Shareholder in default in respect of a call shall be increased by the addition at the end of the first sentence of regulation 18 in Table A of the words "and all expenses that may have been incurred by the company by reason of such non-payment"

7 **ISSUES OF SHARES**

Subject to these Articles, the pre-emption provision of sub-section (1) of section 89 and sub-sections (1) to (6) of section 90 of the Act shall apply to any allotment of the Company's equity securities, provided that -

7.1 the period specified in section 90(6) of the Act shall be 14 days, and

7.2 the holders of equity securities ("**Equity Shareholders**") who accept Shares shall be entitled to indicate that they would accept Shares that have not been accepted by other Equity Shareholders ("**Excess Shares**") on the same terms as originally offered to all Equity Shareholders, and any Shares not so accepted shall be allotted to the Equity Shareholders who have indicated they would accept Excess Shares. Such Excess Shares shall be allotted in the numbers in which they have been accepted by Equity Shareholders or, if the number of Excess Shares is not sufficient for all Equity Shareholders to be allotted all the Excess Shares they have indicated they would accept, then the Excess Shares shall be allotted as nearly as practicable in the proportion that the number of Excess Shares each Equity Shareholder indicated he would accept bears to the total number of Excess Shares applied for

8 **PROVISIONS APPLYING ON EVERY TRANSFER OF SHARES**

8.1 The Board shall refuse to register any transfer of Shares made in contravention of the provisions of these Articles but (subject to Regulation 24 of Table A) shall not otherwise be entitled to refuse to register any transfer of Shares. For the purpose of ensuring that a particular transfer of Shares is permitted under the provisions of these Articles, the directors may request the transferor, or the person named as transferee in any transfer lodged for registration, to furnish the Company with such information and evidence as the directors may reasonably think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the directors within a

period of 28 days after such request the directors shall be entitled to refuse to register the transfer in question

8 2 Save for transfers pursuant to articles, 9 3 4 and 12, no Ordinary Shares or A Ordinary Shares held by a Manager or his nominee may be transferred unless -

8 2 1 an Investor Consent has been obtained, and

8 2 2 the proposed transferee has entered into an agreement to be bound by the Investment Agreement in the form required by that agreement

8 3 Subject to article 8 4, a reference in these Articles to a transfer of Shares shall include a transfer of any interest in Shares (whether legal, beneficial or otherwise) and any charge, mortgage or other encumbrance granted over Shares, and these Articles shall take effect accordingly

8 4 Any change in (or change in the respective entitlements of) the members, partners, participants, shareholders, unitholders (or any other interests) in any member which is an Investment Fund or any mortgage, charge or other encumbrance created over their interest in any such Investment Fund shall not be regarded as a transfer of or a disposal of any interest in any shares in the capital of the Company for the purposes of these Articles

9 TRANSFERS OF SHARES

9 1 Permitted Transfers by an Individual Investor, and by Privileged Relations and Family Trusts of an Individual Investor

9 1 1 Permitted transfers to Privileged Relations and Family Trusts

Subject to article 9 4, any Investor being an individual (an "Individual Investor") may, at any time, transfer any Shares held by him, without restriction as to price or otherwise, to a Privileged Relation over the age of 17 or to trustees to be held upon a Family Trust of which he is the settlor provided that -

(a) the Privileged Relations and/or the trustees of Family Trusts to whom Shares are transferred by an Individual Investor pursuant to this article 9 1 may transfer such Shares in accordance with article 9 1 2 at any time but shall not otherwise be entitled to transfer such Shares pursuant to this article 9 1,

(b) if and whenever any Shares held by trustees upon a Family Trust cease to be so held upon a Family Trust (otherwise than in consequence of a transfer to the settlor or to any Privileged Relation of the settlor in accordance with article 9 1 2), or there cease to be any beneficiaries of the Family Trust other than a charity or charities -

(i) the trustees of the Family Trust shall notify the Company in writing that such event has occurred, and

(ii) unless the Investors by an Investor Direction direct otherwise, on the date of such cessation the trustees shall be deemed to have given a Transfer Notice which does not specify a Sale Price in favour of the settlor of the Family Trust in respect of the Shares held by the trustees, and such Shares may not otherwise be transferred, and

(c) if and whenever a Privileged Relation to whom Shares have been transferred pursuant to this article 9 1 ceases to be a Privileged Relation of the transferring party -

(i) the transferring party shall notify the Company in writing that such cessation has occurred, and

- (ii) unless the Investors by an Investor Direction direct otherwise, on the date of such cessation the former Privileged Relation shall be deemed to have given a Transfer Notice which does not specify a Sale Price in favour of the transferring party in respect of the Shares held by the former Privileged Relation, and such Shares may not otherwise be transferred

9 1 2 Permitted transfers by Privileged Relations and/or Family Trusts of an Individual Investor

Subject to article 9 4 -

- (a) the Privileged Relations to whom Shares are transferred by an Individual Investor pursuant to article 9 1 may transfer such Shares back to the Individual Investor at any time, but shall not otherwise be entitled to transfer such Shares pursuant to this article 9 1,
- (b) where any Shares are held by trustees upon a Family Trust -
 - (i) on any change of trustees, such Shares may be transferred to the new trustees of that Family Trust, and
 - (ii) such Shares may be transferred at any time back to the Individual Investor or to another Family Trust of which the Individual Investor is the settlor, or to any Privileged Relation of the Individual Investor

9 2 Permitted transfers by Investors

Notwithstanding any other provision in these Articles, the following transfers of Investor Shares may be made without restriction as to price or otherwise, and any such transfers shall be registered by the directors (subject to stamping) -

- 9 2 1 any holder of Investor Shares which is a body corporate may transfer any shares to its ultimate parent company or any other body corporate controlled, directly or indirectly, by it or its ultimate parent company **PROVIDED ALWAYS THAT** the transferee gives an undertaking to the Company that, in the event of any such body corporate ceasing to be controlled, directly or indirectly, by the original shareholder or such ultimate parent company, immediately prior to it so ceasing such shares shall be transferred to another body corporate so controlled (for which purposes "control" has the same meaning as in section 840 of ICTA),
- 9 2 2 any Investor Shares which are held by or on behalf of an Investment Trust (as defined in chapter 21 of the Listing Rules published by the UK Listing Authority) whose shares are listed on the Official List of the UK Listing Authority may be transferred to another such Investment Trust whose shares are also so listed,
- 9 2 3 any Investor Shares may be transferred or disposed of by an Investor to any member of its Defined Group or to any trustee or nominee for any such member,
- 9 2 4 any Investor Shares may be transferred to any unit trust or partnership or other unincorporated association in or of which the relevant Investor is a holder of units or is a partner or is a member or is otherwise interested,
- 9 2 5 any Investor Shares held by or on behalf of a unit trust or partnership or other unincorporated association or fund may, with Investor Consent, be transferred or disposed of to the holder or holders of units in such unit trust or partners in such partnership or members of such unincorporated association or investors in such fund from time to time or to trustees for any such person,

- 9 2 6 any holder of Investor Shares which is a nominee or trustee, whether directly or indirectly, for an approved scheme or schemes as defined in section 612 of ICTA may transfer any Investor Shares to any other nominee or trustee, whether direct or indirect, for the same approved scheme or schemes,
- 9 2 7 any Investor Shares held by a nominee or trustee of a partnership may be transferred to the partnership or to any new nominee or trustee for such partnership,
- 9 2 8 any Investor Shares held by or on behalf of a partnership, unit trust, investment trust, unincorporated association or other fund or corporation may be transferred to another partnership, unit trust, investment trust, unincorporated association or other fund or corporation which is managed or advised by the same manager or adviser as the transferor or by a holding company of such manager or adviser or any subsidiary company of such holding company,
- 9 2 9 any holder of Investor Shares may transfer any such shares to any of its Affiliates,
- 9 2 10 any holder of Investor Shares may transfer any of such shares to any Investment Fund managed or advised by such Shareholder or any of its Affiliates or the same manager or adviser as the transferring Shareholder or to any Affiliate of that manager or adviser,
- 9 2 11 any holder of Investor Shares being an Investment Fund may transfer any such shares to any (present or past) member, unitholder, shareholder, partner, participant, manager or adviser (or an employee of that manager or adviser, in each case) of the Investment Fund,
- 9 2 12 any Investor Shares may be transferred from one holder of Investor Shares (or its nominee) to another holder of Investor Shares (or its nominee) with Investor Consent

9 3 **Other Permitted Transfers**

9 3 1 **Transfers from an Employee Trust**

Notwithstanding any other provision of these Articles, the trustee or trustees of an *Employee Trust* may, with Investor Consent, at any time transfer all or any Shares to an Employee other than a Manager

9 3 2 **Transfers to the Company**

Any holder of Shares may at any time, with Investor Consent, transfer Shares to the Company in accordance with the Act and these Articles

9 3 3 **Transfers with Shareholder Approval**

Notwithstanding any other provisions of these Articles, a transfer of any Shares approved by the holders of not less than 75% in nominal value of the Shares may be made without restriction as to price or otherwise

9 3 4 **Transfers pursuant to a Listing, a Share Sale or article 12**

Notwithstanding any other provision of these Articles, a transfer of any Share made pursuant to and in accordance with a Listing, a Share Sale or article 12 shall be registered by the directors (subject to stamping)

- 9 4 At any time after a Shareholder becomes an Excluded Person, the Board may, with Investor Consent, and shall immediately on an Investor Direction, by notice in writing to such Shareholder, revoke any outstanding Transfer Notice deemed to have been given by such Shareholder. These Articles shall thereafter operate as if no such Transfer Notice had been given, provided that such revocation shall be without prejudice to any sale of the Shares which were the subject of the Transfer Notice completed prior to such revocation

9 5 Transfers in respect of Leavers

A Leaver shall be deemed to have served one or more Transfer Notices with effect from the Leaving Date in respect of all his Leaver's Shares and Leaver's Loan Notes (if any)

9 6 Transfer on change of control of shareholder

If a Shareholder being a body corporate ceases to be within the control (as such term is defined by Section 840 of ICTA) of the person(s) who controlled such company on the date on which it became a Shareholder or on the date of adoption of these Articles (whichever shall be the later), it shall be deemed to have immediately given a Transfer Notice in respect of all the Shares as shall then be registered in its name, provided that this article 9 6 shall have no application to an Investor or any nominee of an Investor

10 TRANSFER ARRANGEMENTS

10 1 If the Investors by an Investor Direction so direct, any Shares which are currently the subject of a Transfer Notice deemed to have been served in accordance with article 9 5 shall not confer the right to receive notice of, attend or vote at any general meeting of the Company or meeting of the holders of Shares of the same class, and such Shares shall not be counted in determining the total number of votes which may be cast at any such meeting or for the purposes of a written resolution or a written consent of any Shareholder or class of Shareholders, nor shall the holder of such Shares be entitled to participate in any allotment of shares pursuant to article 7

10 2 Save as otherwise set out in these Articles, the Sale Price shall be -

10 2 1 in the case of a Good Leaver, the Fair Price, and

10 2 2 in the case of a Bad Leaver, the lower of the Issue Price and the Fair Price

10 3 If the Fair Price falls to be determined by an Independent Expert -

10 3 1 the Company shall immediately instruct the Independent Expert to determine the Fair Price on the basis which, in the Independent Expert's opinion, represents a fair price for the Leaver's Shares and, if applicable, the Leaver's Loan Notes at the Leaving Date as between a willing seller and a willing buyer and, in making such determination, the Independent Expert shall ignore the effect that article 10 1 or 11 9 may have on the value of the Leaver's Shares and whether such Leaver's Shares represent a minority interest and/or the fact that such Leaver's Shares and the Leaver's Loan Notes can be subject to the compulsory transfer requirements of articles 9 (Transfers of Shares) and 12 (Tag Along and Come Along)),

10 3 2 the Independent Expert shall certify the Fair Price as soon as possible after being instructed by the Company, and in so certifying the Independent Expert shall be deemed to be acting as expert and not as arbitrator and the Arbitration Act 1996 shall not apply,

10 3 3 the certificate of the Independent Expert shall, in the absence of manifest error, be final and binding, and

10 3 4 the Company shall procure that any certificate required hereunder is obtained with due expedition and the cost of obtaining such certificate shall be borne by the Company unless -

(a) such an arrangement would not be permitted by the Act, or

(b) the Independent Expert directs otherwise

10 4 If a person who is deemed to have given a Transfer Notice pursuant to article 9 1 1 has not transferred such Shares in accordance with the Transfer Notice by 30 days after the date on which the Transfer Notice is deemed to have been given, the Company may nominate some person to

execute an instrument of transfer of such Shares in the name and on behalf of the holder of such Shares and thereafter, when the instrument has been duly stamped, the Company shall cause the name of the transferee to be entered in the register of members as the holder of such Shares

11 PRE-EMPTION RIGHTS

11 1 The Investors may, within 21 days after the Start Date, direct the Company by an Investor Direction to offer at the Sale Price such number of Sale Securities held by the relevant Leaver to such person as may be specified in the Investor Direction (including, for the avoidance of doubt, the Company and/or any Employee Trust) on the basis that, if the Sale Securities comprise Shares and Managers' Loan Notes, the offeree must apply for, as nearly as is possible, the same proportion of Shares and Managers' Loan Notes and may not apply for Shares or Managers' Loan Notes alone. If the offeree of the Sale Securities applies for any of them within 6 weeks after the Start Date, the Company shall (with Investor Consent) within 7 days after such application allocate to the offeree the number of Sale Securities applied for. If all of the Sale Securities are so allocated, the provisions of articles 11 2 to 11 9 (inclusive) shall not apply. If none or some only of the Sale Securities are so allocated, the remaining provisions of this article shall have effect as if references to Sale Securities shall mean those not allocated in accordance with this article.

11 2 The Company shall -

11 2 1 on the twenty-second day following the Start Date, if an Investor Direction has not been given pursuant to article 11 1, or

11 2 2 on the day immediately following the expiry of the 6 week period referred to in article 11 1, if an Investor Direction has been given pursuant to article 11 1,

give notice in writing to each of the Shareholders (other than the Seller or an Excluded Person) offering for sale the Sale Securities at the Sale Price, provided that, if the Board considers that the provisions of this article could mean that the offer of any of the Sale Securities would require a prospectus in accordance with Directive 71/2003/EC and/or the Prospectus Regulations (S I 2005/1433), the Board shall (with Investor Consent) be entitled to devise such other method of offering such Sale Securities which does not require a prospectus (including, but without limitation, offering the Sale Securities to a limited number of Shareholders selected by such method as the Board shall (with Investor Consent) determine). The notice shall specify that the Shareholders shall have a period of 25 days from the date of such notice within which to apply for some or all of the Sale Securities provided always that, if the Sale Securities comprise Shares and Managers' Loan Notes, the Shareholders must apply for the same proportion of Shares and Managers' Loan Notes and may not apply for Shares or Managers' Loan Notes alone.

11 3 The Sale Securities shall be treated as having been offered amongst the Shareholders in proportion (as nearly as may be) to their existing holdings of Shares (the "**Proportionate Allocation**") A Shareholder may, if he so desires, indicate in his application for Sale Securities that he would be willing to purchase a particular number of Sale Securities in excess of his Proportionate Allocation, provided that, if the Sale Securities comprise Shares and Managers' Loan Notes, he must indicate such willingness in respect of, as nearly as is possible, the same proportion of Shares and Managers' Loan Notes ("**Extra Securities**")

11 4 In respect of each Shareholder to whom the Sale Securities are offered, the Company shall allocate the Sale Securities as follows -

11 4 1 if the total number of Sale Securities applied for is less than the available number of Sale Securities, each Shareholder shall be allocated the number applied for in accordance with his application and applications for Extra Securities shall be allocated in accordance with such applications or, in the event of competition, among those Shareholders applying for Extra Securities in such proportions as equal (as nearly as may be) the proportions of all the Shares held by such Shareholder, or

11 4 2 if the total number of Sale Securities applied for is equal to or greater than the available number of Sale Securities, each Shareholder shall be allocated his Proportionate

Allocation or such proportionate lesser number of Sale Securities for which he has applied

- 11 5 Allocations of Sale Securities made by the Company pursuant to this article shall constitute the acceptance by the Shareholders to whom they are allocated of the offer to purchase those Sale Securities on the terms offered to them, provided that no person shall be obliged to take more than the maximum number of Sale Securities that he has indicated to the Company he is willing to purchase
- 11 6 The Company shall forthwith, upon allocating any Sale Securities, give notice in writing (a "**Sale Notice**") to the Seller and to each person to whom Sale Securities have been so allocated of the number of Sale Securities so allocated and the aggregate price payable therefor. Completion of the sale and purchase of those Sale Securities in accordance with the Sale Notice shall take place within 5 days after the date of the Sale Notice whereupon the Seller shall, upon payment of the price due in respect thereof, transfer those Sale Securities specified in the Sale Notice to the persons to whom they have been allocated and deliver the relevant Share and, if applicable, Managers' Loan Note certificates
- 11 7 Save in the case of an acquisition of Sale Securities by the Company, if the Seller defaults in transferring any Sale Securities pursuant to article 11 6 to a person to whom such Sale Securities have been allocated (the "**allocated person**"), the Company may receive the relevant purchase money from the allocated person and may nominate some person to execute an instrument of transfer of such Sale Securities in the name and on behalf of the Seller and thereafter, when the instrument has been duly stamped, the Company shall cause the name of the allocated person to be entered in the register of members as the holder of such Sale Securities and shall hold the purchase money on trust (without interest) for the Seller. The receipt of the Company for the purchase money shall be a good discharge to the allocated person (who shall not be bound to see to the application thereof) and, after his name has been so entered in the register of members, the validity of the proceedings shall not be questioned by any person
- 11 8 In the case of an acquisition of Sale Securities by the Company, if the Seller defaults in transferring any Sale Securities pursuant to article 11 6, the Company may nominate some person to execute an instrument of transfer of such Sale Securities in the name and on behalf of the Seller and thereafter, when such instrument has been duly stamped, the Company shall cause the relevant share and/or loan capital to be cancelled in accordance with the Act and shall hold the purchase money on trust (without interest) for the Seller
- 11 9 If not all of the Sale Securities are sold under the pre-emption provisions contained in articles 11 1 to 11 8 (inclusive), the Company shall (forthwith upon the exhaustion of such provisions) so notify the Seller. The Seller shall not be entitled to sell any of the Sale Securities for which no buyer has been found
- 11 10 For the purposes of this article 11, references to the holders of Shares who are to be offered any Shares and Managers' Loan Notes the subject of a Transfer Notice shall be deemed to be a reference to such of those shareholders who are on the register at the close of business on the date of the Transfer Notice other than any Shareholder who, at any time before such offer is made, has given (or is deemed to have given) a current Transfer Notice in respect of any Shares or who is bound under these articles to give a Transfer Notice in respect of his Shares and, if applicable, Managers' Loan Notes or any of them
- 11 11 Any purported transfer of Shares and/or Managers' Loan Notes otherwise than in accordance with the foregoing provisions of these Articles shall be void and have no effect

12 TAG ALONG AND COME ALONG

12 1 Tag Along

- 12 1 1 Notwithstanding any other provision of these Articles, no sale or transfer of the legal or beneficial interest in any Shares (the "**Controlling Shares**") may be made or validly registered if, as a result of such sale or transfer and registration of the Controlling Shares,

a Controlling Interest in the Company would be obtained or increased by any person (whether or not then a Shareholder) unless -

- (a) the provisions of article 12 2 apply and are complied with, or
- (b) before any sale or transfer is made and validly registered, the proposed transferee or his nominee has made, an offer (stipulated to be open for acceptance for at least 21 days) to purchase all the other Shares and Loan Notes (including any Shares which may be allotted during the offer period or upon the offer becoming unconditional pursuant to the exercise or conversion of options or rights to subscribe for or securities convertible into shares, in existence at the date of such offer) at the price per share and per Loan Note attributed by the proposed transferee or his nominee for a Controlling Share or for any Loan Notes held by the prospective transferors of the Controlling Shares, together with any consideration or benefit receivable by the proposed transferors of the Controlling Shares directly or indirectly for, or in connection with, the sale or transfer, and which offer every offeree shall be bound, within 21 days of the making of such offer to him, either to accept or reject in writing (and in default of so doing shall be deemed to have rejected the offer), and
- (c) before any sale or transfer is made or registered, each such accepted offer is completed and the consideration thereunder paid (except insofar as failure to complete is due to the fault of the offeree),

Provided that the provisions of this article 12 1 shall not apply to the acquisition of Shares by any member of a Defined Group or pursuant to article 9

- 12 1 2 For the purpose of article 12 1 the expressions "**transfer**" and "**transferee**" shall include, respectively, the renunciation of a renounceable letter of allotment and the renouncee under any such letter of allotment

12 2 Come Along

- 12 2 1 This article 12 2 applies in the event that a Third Party Purchaser, with Investor Consent, enters into an agreement or agreements (the "**Purchase Agreements**") with Shareholders who, together, hold a Controlling Interest at the relevant time (the "**Selling Shareholders**") providing for the acquisition by the Third Party Purchaser of all of the Shares and, if agreed between the Third Party Purchaser and such Shareholders, all of the Loan Notes held by the Selling Shareholders

- 12 2 2 The Purchase Agreements shall specify the consideration payable or transferable by the Third Party Purchaser to the Selling Shareholders for each Share and, if applicable, for each £1 nominal of each class of Loan Notes held by the Selling Shareholders (together the "**Basic Consideration**") and, if agreed between the Third Party Purchaser and Selling Shareholders, may also specify another form of consideration, having a value equivalent to the Basic Consideration, which all Selling Shareholders may elect to receive as an alternative, in whole or in part, to any part of the Basic Consideration (the "**Alternative Consideration**") The Purchase Agreements shall also contain a provision that they will terminate if the Third Party Purchaser does not give written notice pursuant to article 12 2 3 The Purchase Agreements may otherwise contain whatever terms and conditions may be agreed between the Third Party Purchaser and any of the Selling Shareholders

- 12 2 3 Within a period of 7 days immediately following the later of -

- (a) the date or the latest of the dates on which the Purchase Agreements is or are entered into, and
- (b) if there are any conditions precedent which the Third Party Purchaser and the Selling Shareholders have agreed are to be satisfied or waived before the Third

Party Purchaser gives notice under this article 12 2 3, the date on which such conditions precedent have been satisfied or waived in accordance with the Purchase Agreements,

the Company shall give written notice to Shareholders who are not parties to the Purchase Agreements ("**Other Shareholders**") requiring them to sell all of the Shares to the Third Party Purchaser and, if so agreed between the Third Party Purchaser and the Selling Shareholders, the Loan Notes held by them and shall provide to each Other Shareholder with such notice the following documents in the respective forms agreed pursuant to the Purchase Agreements -

- (i) a form of transfer for each class of Share held by that Other Shareholder,
- (ii) a form of power of attorney in relation to the Shares held by that Other Shareholder authorising the Third Party Purchaser or some other person nominated by the Third Party Purchaser, after completion of the sale of such Shares to the Third Party Purchaser, to exercise all rights attaching to such Shares pending registration of the Third Party Purchaser or its nominees as the holder thereof,
- (iii) if applicable, a form of transfer for each class of Loan Notes held by that Other Shareholder, and
- (iv) if applicable, a form of election for the Alternative Consideration

12 2 4 Following the giving by the Company of a written notice to each Other Shareholder under article 12 2 3, each Other Shareholder shall -

- (a) be deemed to have agreed to sell all of his Shares and, if applicable, Loan Notes to the Third Party Purchaser for an amount per Share and per £1 nominal of each class of Loan Note equal to the Basic Consideration therefor (with the right, if provided for in the Purchase Agreements, to elect to receive the Alternative Consideration) at the same time and subject to the same conditions precedent as apply to the sale of Shares and, if applicable, Loan Notes under the Purchase Agreements (except any of such conditions precedent which the Third Party Purchaser and all of the Selling Shareholders agree to waive) provided always that each Other Shareholder shall have the right to refuse to sell his Shares to the Third Party Purchaser unless the Third Party Purchaser shall have offered to purchase any Loan Notes held by the relevant Other Shareholder for an amount per £1 nominal of each class of Loan Note equal to the Basic Consideration therefor, and
- (b) be obliged, within 14 days of the date on which such notice is given or deemed to have been given to him, to deliver up to the Third Party Purchaser the documents provided to him with the written notice pursuant to article 12 2 3, in each case duly executed by him, together with the original certificates for the Shares and, if applicable, Loan Notes held by him, except that failure to deliver up a duly executed form of election shall have the consequence that he will only be entitled to receive an amount per Share and £1 nominal of each class of Loan Notes equal to the Basic Consideration

12 2 5 If any Other Shareholder fails to comply in full with article 12 2 4(b) -

- (a) the Directors shall authorise and instruct such person or persons as they think fit to -
 - (i) execute documents numbered (i) and, if applicable, (iii) referred to in article 12 2 3 in the respective forms sent to that Other Shareholder, and

- (ii) to deliver such documents to the Third Party Purchaser (or its agents), and
- (iii) against receipt by the Company (on trust for that Other Shareholder) of the consideration receivable for the Shares and, if applicable, Loan Notes held by that Other Shareholder, to register the Third Party Purchaser or its nominees as the holder thereof,

and after the Third Party Purchaser or its nominees have been registered as the holder thereof, the validity of such proceedings shall not be questioned by any person, and

- (b) the Chairman of any general, class or other meeting of the Company shall, pending registration of the Third Party Purchaser or its nominees as the holder of the Shares held by that Other Shareholder, be deemed to have received from that Other Shareholder an irrevocable form of proxy, regardless of that Other Shareholder's attendance at any such meeting, in respect of those Shares held by that Other Shareholder, to attend such meeting and to vote in that Other Shareholder's name, both on a show of hands and on a poll, and the Chairman shall be entitled to exercise the voting rights attached to such Shares as he thinks fit

12 2 6 Completion of the sale to the Third Party Purchaser of Shares and, if applicable, Loan Notes by the Other Shareholders shall take place, and the payment and/or transfer by the Third Party Purchaser of the consideration therefor shall be made, in accordance with the Purchase Agreements

12 2 7 For the purpose of ensuring -

- (a) that no Third Party Purchaser has acquired or may acquire a Controlling Interest otherwise than as permitted by this article 12 (and to that end for the purpose of determining whether one person is a Connected Person of another), or
- (b) that a price offered or proposed to be offered for any Shares and, if appropriate, Loan Notes, is the Basic Consideration (with the right, if provided for in the Purchase Agreements, to elect to receive the Alternative Consideration),

the Directors or the Investors may, from time to time, require any Shareholder to furnish to the Company or the Investors, for the time being, such information and evidence as the Directors or the Investors may reasonably think fit regarding any matter which they may deem relevant for such purposes

13 COMPLIANCE

13 1 For the purpose of ensuring compliance with the transfer provisions of these Articles, the Company shall immediately, on an Investor Direction, and may with Investor Consent require any Leaver or other Shareholder to procure that -

13 1 1 he, or

13 1 2 any proposed transferee of any Shares, or

13 1 3 such other person as is reasonably believed to have information and/or evidence relevant to such purpose,

provides to the Company any information and/or evidence relevant to such purpose and, on an Investor Direction and until such information and/or evidence is provided, the Company shall refuse to register any relevant transfer (otherwise than with Investor Consent)

- 13 2 Each Shareholder hereby irrevocably appoints the Company as his attorney (with the power to appoint any member of the Board as a substitute and to delegate to that substitute all or any powers hereby conferred, other than this power of substitution, as if he had been originally appointed by this power of attorney) to give effect to the provisions of these Articles

14 GENERAL MEETINGS

- 14 1 The final sentence of Regulation 38 of Table A shall be modified by the insertion of the words "known by the Board to be" after the words "to all persons"
- 14 2 No meeting of Shareholders shall be quorate unless those Shareholders present include (whether in person or by a duly authorised representative or a proxy) holders of more than 50% of the Ordinary Shares in issue for the time being, and Regulation 40 of Table A shall be construed accordingly
- 14 3 A resolution put to the vote of a meeting of Shareholders shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands, a poll is duly demanded Subject to the provisions of the Act, a poll may be demanded at any meeting of Shareholders by the Chairman, or by any Shareholder present in person or by proxy and entitled to vote or by a duly authorised representative of a corporation which is a Shareholder entitled to vote
- 14 4 When a poll has been demanded it shall be taken immediately following the demand
- 14 5 Regulation 62 of Table A shall be modified by the substitution in paragraph (a) of the words "at any time" in place of "not less than 48 hours" and by the substitution in paragraph (b) of the words "at any time" in place of "not less than 24 hours"

15 DIRECTORS

15 1 Numbers of Directors

The number of directors (including the Investor Director but excluding alternate directors) shall not be less than two in number

15 2 Appointment and removal of Directors

- 15 2 1 The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director
- 15 2 2 The Majority Holders may, by notice in writing to the Company, appoint a person who is willing to act to be a director either to fill a vacancy or to act as an additional director and remove any person so appointed
- 15 2 3 Regulation 84 of Table A shall be modified by the deletion of the third and fourth sentences
- 15 2 4 No director shall be required to vacate his office as a director, nor shall any person be ineligible for appointment as a director, by reason of his having attained any particular age
- 15 2 5 The office of a director shall be vacated if -
- (a) he ceases to be a director by virtue of any provision of the Act, or
 - (b) he ceases to be a director by virtue of any provision of these Articles (including (without limitation) article 15 2 6), or
 - (c) he becomes prohibited by law from being a director of a company (subject to article 15 2 4), or

- (d) he becomes bankrupt or makes any arrangement or composition with his creditors generally, or
- (e) he is, or may be, suffering from mental disorder and either -
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983, or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs, or
- (f) he resigns his office by notice in writing to the Company, or
- (g) he is convicted of a criminal offence (other than a minor motoring offence) and the directors resolve that his office be vacated, or
- (h) in the case of a person who is also an employee of the Company or another Group Company, he ceases to be such an employee without so remaining an employee of any other member of the Group, or
- (i) he shall, for more than six consecutive months, have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated, or
- (j) (save in the case of an Investor Director) all the other directors unanimously resolve that his office be vacated

15 2 6 In addition and without prejudice to the provisions of Section 303 of the Act, the Company may by ordinary resolution remove any director (other than an Investor Director who shall be appointed or removed in accordance with article 16) before the expiration of his period of office and may by ordinary resolution appoint another director in his place

15 3 **Alternate Directors**

An Investor Director shall be entitled to appoint any person willing to act, whether or not he is a director, to be his alternate director. The appointment of an alternate director by an Investor Director shall not require approval by a resolution of the directors but shall not be made without Investor Consent, and Regulation 65 of Table A shall be modified accordingly

15 4 **Proceedings of Directors**

15 4 1 Notice of every meeting of the directors shall be given to each director at any address in the United Kingdom supplied by him to the Company for that purpose whether or not he is present in the United Kingdom, provided that any director may waive notice of any meeting either prospectively or retrospectively and if he does so it shall be no objection to the validity of the meeting that notice was not given to him

15 4 2 Regulation 89 of Table A shall be modified -

- (a) by the deletion of the words "may be fixed by the directors and unless so fixed at any other number" in the first sentence, and
- (b) by the addition of the following as the final sentence -

"In the event that a meeting of the directors is attended by a director who is acting as alternate for one or more other directors, the director or directors for

whom he is the alternate shall be counted in the quorum notwithstanding their absence and, if on that basis there is a quorum, the meeting may be held notwithstanding the fact (if it is the case) that only one director is physically present", and

- (c) by the deletion of the word "two" in the second line thereof and the substitution therefor of the word "one"

15 4 3 Notices of meetings of the directors shall be given in writing and in its application to the Company, Regulation 111 of Table A shall be modified accordingly

15 4 4 Any director, including an alternate director, may participate in a meeting of the directors or a committee of the directors of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the Act, he shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is

15 4 5 Any quorum for the transaction of business at a meeting of the directors shall, save with the prior written consent of an Investor Director, include at least one Investor Director (if one has been appointed)

15 4 6 Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director, notwithstanding his office -

- (a) may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested,
- (b) may be a director or other officer of, or employed by or be a party to any transaction or arrangement with or otherwise interested in, any body corporate promoted by the Company or in which the Company is in any way interested,
- (c) may (and any firm or company of which he is a partner or member or director may) act in a professional capacity for the Company or any body corporate in which the Company is in any way interested,
- (d) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from such office, service or employment or from any such transaction or arrangement or from any interest in any such body corporate, and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit, and
- (e) shall, subject to article 15 4 7, be entitled to vote and be counted in the quorum on any matter concerning the foregoing paragraphs of this article

15 4 7 For the purposes of article 15 4 6 -

- (a) a general notice to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified,
- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his, and
- (c) an interest of a person who is, for any purpose of the Act (excluding any statutory modification not in force when these Articles were adopted),

connected with a director shall be treated as an interest of the director and, in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise

16 INVESTOR DIRECTOR AND OBSERVER

16 1 Notwithstanding any other provisions of these Articles, the Majority Holders shall be entitled at any time, by notice in writing to the Company, to appoint as a director of the Company any person (an "Investor Director") and, at any time and from time to time, to remove from office in like manner any person or persons so appointed and to appoint another person or persons in his place. The remuneration and reasonable expenses to be paid to the Investor Director or Investor Directors, if more than one shall have been appointed, shall be payable by the Company. Upon request by the Majority Holders, the Company shall also procure that any Investor Director(s) be appointed a director to any subsidiary of the Company. For the avoidance of doubt, there shall be no limit to the number of Investor Directors that the Majority Holders may appoint or remove pursuant to this article 16 1

16 2 On any resolution to remove an Investor Director, the Investor Shares shall carry at least one vote in excess of 75% of the votes exercisable at the general meeting at which such resolution is proposed

16 3 The Majority Holders shall have the right to designate one representative to attend, as observer, and speak but not vote at all meetings of the directors and at all meetings of all committees of the directors. Such representative will be entitled to receive all written materials and other information given to the directors and to members of the committees of the directors in connection with such meetings at the same time as those materials or information are given to the directors or, as the case may be, to such members

17 CHAIRMAN

The Majority Holders shall have the right, at any time and from time to time by notice in writing to the Board, to instruct the Board to appoint one of the directors of the Company as Chairman of the Board and shall have the right to instruct the Board to remove from the office of Chairman of the Board any director appointed by it pursuant to this article and to appoint another director in his or her place

18 DIVIDENDS

Regulations 102 to 105 (inclusive) of Table A shall be subject to article 3 1 and in Regulation 103 of Table A the words from "If the share capital is divided" to the end of the Regulation shall be deleted

19 INDEMNITIES AND INSURANCE

19 1 Subject to the provisions of the Statutes but without prejudice to any indemnity to which he may otherwise be entitled, every person who is or was a director or other officer of the Company (other than any person engaged by the Company as auditor) may be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities incurred by him from time to time (whether in connection with any negligence, default, breach of duty or breach of trust by him or otherwise) in relation to the affairs of the Company or any other member of the group or the actual or purported execution and/or discharge of the duties of his office and/or the exercise or purported exercise of his powers or discretions, including any liability suffered or incurred by him in disputing, defending, investigating or providing evidence in connection with any actual, threatened or alleged claims, demands, investigations or proceedings, whether civil or criminal, or in connection with any application for relief under the Act

19 2 The directors may also, subject to the provisions of the Statutes, provide funds to any director or other officer of the Company (other than any person engaged by the Company as auditor) to meet, or do anything to enable a director to avoid incurring, expenditure incurred or to be incurred by him

in defending any criminal or civil proceedings or in connection with any application for relief under the Act

- 19 3 The directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is an officer or employee, or former officer or employee, of the Company or of a company which is a subsidiary of the Company or in which the Company has an interest (whether direct or indirect), or who is or was trustee of a retirements benefits scheme or another trust in which an officer or employee or former officer or employee is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or any liability which may lawfully be insured against by the Company

20 **SENIOR LOAN AGREEMENT**

Notwithstanding that the same may be expressed under these Articles to be due and payable and a debt due from the Company, the Company shall not pay any dividend or other sum on any Share if and to the extent that such dividend or other sum is prohibited or restricted by either of the Senior Loan Agreements