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**Statutory Declaration of compliance
with requirements on application
for registration of a company**

Please do not
write in
this margin

Pursuant to section 12(3) of the Companies Act 1985

To the Registrar of Companies

For official use

For official use

Please complete
legibly, preferably
in black type, or
bold block lettering

1111

2376810

Name of company

* insert full
name of Company

* NATLUTE LIMITED

I, DAVID STEWART HODGSON, signing on behalf
of SWIFT INCORPORATIONS LIMITED
2 BACHES STREET
LONDON N1 6UB

† delete as
appropriate

do solemnly and sincerely declare that I am a ~~[Solicitor engaged in the formation of the-~~
~~company]~~† [person named as director or secretary of the company in the statement delivered to
the registrar under section 10(2)† and that all the requirements of the above Act in respect of the
registration of the above company and of matters precedent and incidental to it have been
complied with,

And I make this solemn declaration conscientiously believing the same to be true and by virtue of
the provisions of the Statutory Declarations Act 1835

Declared at 11, SHIP STREET
BRECON,
POWYS

Declarant to sign below

The 4th day of January 1989

before me

A Commissioner for Oaths or Notary Public or Justice of
the Peace or Solicitor having the powers conferred on a
Commissioner for Oaths.

Presentor's name, address and
reference (if any):

For official use

New Companies Section

Post room

G

COMPANIES FORM No. 10

**Statement of first directors
and secretary and intended
situation of registered office**

10

Please do not
write in
this margin

Pursuant to section 10 of the Companies Act 1985

To the Registrar of Companies

Please complete
legibly, preferably
in black type, or
bold block lettering

For official use

Name of company

* insert full name
of company

* NATLUTE LIMITED

The intended situation of the registered office of the company on incorporation is as stated below

2 BACHES STREET	
LONDON	
Postcode	N1 6UB

If the memorandum is delivered by an agent for the subscribers of the memorandum please mark 'X' in the box opposite and insert the agent's name and address below

X

JORDAN & SONS LIMITED	
21 ST THOMAS STREET	
BRISTOL	
Postcode	BS1 6JS

Number of continuation sheets attached (see note 1)

--

Presenter's name, address and
reference (if any):

For official use

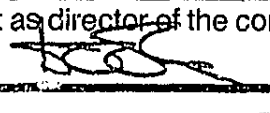
General Section

Post room

DIRECTOR

The name(s) and particulars of the person who is, or the persons who are, to be the first director or directors of the company (note 2) are as follows:

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write in
this margin

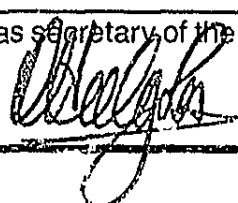
Name (note 3)	INSTANT COMPANIES LIMITED		Business occupation
			COMPANY REGISTRATION AGENT
Previous name(s) (note 3)	NONE		Nationality
Address (note 4)	2 BACHES STREET		UK REGISTERED
	LONDON		Date of birth (where applicable)
	Postcode	N1 6UB	(note 6)
Other directorships †	NONE		
I consent to act as director of the company named on page 1			
Signature			(Authorised Signatory) Date 04.01.89

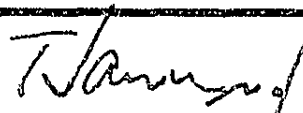
† enter particulars
of other
directorships
held or previously
held (see note 5)
if this space is
insufficient use a
continuation sheet.

SECRETARY

The name(s) and particulars of the person who is, or the persons who are, to be the first secretary, or joint secretaries, of the company are as follows:

Please do not
write in
this margin

Name (notes 3 & 7)	SWIFT INCORPORATIONS LIMITED		
Previous name(s) (note 3)	NONE		
Address (notes 4 & 7)	2 BACHES STREET		
	LONDON		
	Postcode	N1 6UB	
I consent to act as secretary of the company named on page 1			
Signature			(Authorised Signatory) Date 04.01.89

Signature of agent on behalf of subscribers		Date 04.01.89
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THE COMPANIES ACT 1985

2376810



A PRIVATE COMPANY
LIMITED BY SHARES

Memorandum and Articles of Association

1. The Company's name is

NATLUTE LIMITED

2. The Company's registered office is to be situated in England & Wales.

3. The Company's objects are :-

(a) To carry on the business of a holding company in all its branches, and to acquire by purchase, lease, concession, grant, licence or otherwise such businesses, options, rights, privileges, lands, buildings, leases, underleases, stocks, shares, debentures, debenture stock, bonds, obligations, securities, reversionary interests, annuities, policies of assurance and other property and rights and interests in property as the Company shall deem fit and generally to hold, manage, develop, lease, sell or dispose of the same; and to vary any of the investments of the Company, to act as trustees of any deeds constituting or securing any debentures, debenture stock or other securities or obligations; to enter into, assist, or participate in financial, commercial, mercantile, industrial and other transactions, undertakings and businesses of every description, and to establish, carry on, develop and extend the same or sell, dispose of or otherwise turn the same to account, and to co-ordinate the policy and administration of any companies of which this Company is a member or which are in any manner controlled by, or connected with the Company, and to carry on all or any of the businesses of capitalists, trustees, financiers, financial agents, company promoters, bill discounters, insurance brokers and agents, mortgage brokers, rent and debt collectors, stock and share brokers and dealers and commission and general agents, merchants and traders; and to manufacture, buy, sell, maintain, repair and deal in plant, machinery, tools, articles and things of all kinds capable of being used for the purposes of the above-mentioned businesses or any of them, or likely to be required by customers of or persons having dealings with the Company.

(b) To carry on any other trade or business whatever which can in the opinion of the Board of Directors be advantageously carried on in connection with or ancillary to any of the businesses of the Company.

(c) To purchase or by any other means acquire and take options over any property whatever, and any rights or privileges of any kind over or in respect of any property.

(d) To apply for, register, purchase, or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets d'invention, licences, secret processes, trade marks, designs, protections and concessions and to disclaim, alter, modify, use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire.

(e) To acquire or undertake the whole or any part of the business, goodwill, and assets of any person, firm, or company carrying on or proposing to carry on any of the businesses which the Company is authorised to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate with, or enter into partnership or into any arrangement for sharing profits, or for co-operation, or for mutual assistance with any such person, firm or company, or for subsidising or otherwise assisting any such person, firm or company, and to give or accept, by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities that may be agreed upon, and to hold and retain, or sell, mortgage and deal with any shares, debentures, debenture stock or securities so received.

(f) To improve, manage, construct, repair, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant licences, options, rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company.

(g) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined and to hold or otherwise deal with any investments made.

(h) To lend and advance money or give credit on any terms and with or without security to any person, firm or company (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company associated in any way with, the Company), to enter into guarantees, contracts of indemnity and suretyships of all kinds, to receive money on deposit or loan upon any terms, and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person, firm or company (including without prejudice to the generality of the foregoing any such holding company, subsidiary, fellow subsidiary or associated company as aforesaid).

(i) To borrow and raise money in any manner and to secure the repayment of any money borrowed, raised or owing by mortgage, charge, standard security, lien or other security upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital, and also by a similar mortgage, charge, standard security, lien or security to secure and guarantee the performance by the Company of any obligation or liability it may undertake or which may become binding on it.

(j) To draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of

exchange, promissory notes, bills of lading, warrants, debentures, and other negotiable or transferable instruments.

(k) To apply for, promote, and obtain any Act of Parliament, order, or licence of the Department of Trade or other authority for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem calculated directly or indirectly to promote the Company's interests, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.

(l) To enter into any arrangements with any government or authority (supreme, municipal, local, or otherwise) that may seem conducive to the attainment of the Company's objects or any of them, and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions which the Company may think desirable and to carry out, exercise, and comply with any such charters, decrees, rights, privileges, and concessions.

(m) To subscribe for, take, purchase, or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any other company constituted or carrying on business in any part of the world, and debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority, municipal, local or otherwise, in any part of the world.

(n) To control, manage, finance, subsidise, co-ordinate or otherwise assist any company or companies in which the Company has a direct or indirect financial interest, to provide secretarial, administrative, technical, commercial and other services and facilities of all kinds for any such company or companies and to make payments by way of subvention or otherwise and any other arrangements which may seem desirable with respect to any business or operations of or generally with respect to any such company or companies.

(o) To promote any other company for the purpose of acquiring the whole or any part of the business or property or undertaking or any of the liabilities of the Company, or of undertaking any business or operations which may appear likely to assist or benefit the Company or to enhance the value of any property or business of the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of any such company as aforesaid.

(p) To sell or otherwise dispose of the whole or any part of the business or property of the Company, either together or in portions, for such consideration as the Company may think fit, and in particular for shares, debentures, or securities of any company purchasing the same.

(q) To act as agents or brokers and as trustees for any person, firm or company, and to undertake and perform sub-contracts.

(r) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment to him or them of shares or other securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient.

(s) To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person, firm or company to pay the same, and to pay commissions to brokers and others for underwriting, placing, selling, or guaranteeing the subscription of any shares or other securities of the Company.

(t) To support and subscribe to any charitable or public object and to support and subscribe to any institution, society, or club which may be for the benefit of the Company or its Directors or employees, or may be connected with any town or place where the Company carries on business; to give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aid and generally to provide advantages, facilities and services for any persons who are or have been Directors of, or who are or have been employed by, or who are serving or have served the Company, or any company which is a subsidiary of the Company or the holding company of the Company or a fellow subsidiary of the Company or the predecessors in business of the Company or of any such subsidiary, holding or fellow subsidiary company and to the wives, widows, children and other relatives and dependants of such persons; to make payments towards insurance; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any of such persons and of their wives, widows, children and other relatives and dependants; and to set up, establish, support and maintain profit sharing or share purchase schemes for the benefit of any of the employees of the Company or of any such subsidiary, holding or fellow subsidiary company and to lend money to any such employees or to trustees on their behalf to enable any such purchase schemes to be established or maintained.

(u) Subject to and in accordance with a due compliance with the provisions of Sections 155 to 158 (inclusive) of the Act (if and so far as such provisions shall be applicable), to give, whether directly or indirectly, any kind of financial assistance (as defined in Section 152(1)(a) of the Act) for any such purpose as is specified in Section 151(1) and/or Section 151(2) of the Act.

(v) To distribute among the Members of the Company in kind any property of the Company of whatever nature.

(w) To procure the Company to be registered or recognised in any part of the world.

(x) To do all or any of the things or matters aforesaid in any part of the world and either as principals, agents, contractors or otherwise, and by or through agents, brokers, sub-contractors or otherwise and either alone or in conjunction with others.

(y) To do all such other things as may be deemed incidental or conducive to the attainment of the Company's objects or any of them.

AND so that:-

(1) None of the objects set forth in any sub-clause of this Clause shall be restrictively construed but the widest interpretation shall be given to each such object, and none of such objects shall, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other object or objects set forth in such sub-clause, or by reference to or inference from the terms of any other sub-clause of this Clause, or by reference to or inference from the name of the Company.

(2) None of the sub-clauses of this Clause and none of the objects therein specified shall be deemed subsidiary or ancillary to any of the objects specified in any other such sub-clause, and the Company shall have as full a power to exercise each and every one of the objects specified in each sub-clause of this Clause as though each such sub-clause contained the objects of a separate Company.

(3) The word "Company" in this Clause, except where used in reference to the Company, shall be deemed to include any partnership or other

body of persons, whether incorporated or unincorporated and whether domiciled in the United Kingdom or elsewhere.

(4) In this Clause the expression "the Act" means the Companies Act 1985, but so that any reference in this Clause to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

4. The liability of the Members is limited.

5. The Company's share capital is £1000 divided into 1000 shares of £1 each.

We, the subscribers to this Memorandum of Association, wish to be formed into a Company pursuant to this Memorandum; and we agree to take the number of shares shown opposite our respective names.

Names and Addresses of Subscribers	Number of shares taken by each Subscriber
---------------------------------------	--

For and on behalf of 1. Instant Companies Limited 2 Baches Street London N1 6UB	- One
--	-------

For and on behalf of 2. Swift Incorporations Limited 2 Baches Street London N1 6UB	- One
---	-------

Total shares taken	- Two
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Dated 04.01.89

Witness to the above signatures, Terry Jayne
2 Baches Street
London N1 6UB



PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

PRELIMINARY

1. (a) The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (such Table being hereinafter called "Table A") shall apply to the Company save in so far as they are excluded or varied hereby and such Regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company.

(b) In these Articles the expression "the Act" means the Companies Act 1985, but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

ALLOTMENT OF SHARES

2. (a) Shares which are comprised in the authorised share capital with which the Company is incorporated shall be under the control of the Directors who may (subject to Section 80 of the Act and to paragraph (d) below) allot, grant options over or otherwise dispose of the same, to such persons, on such terms and in such manner as they think fit.

(b) All shares which are not comprised in the authorised share capital with which the Company is incorporated and which the Directors propose to issue shall first be offered to the Members in proportion as nearly as may be to the number of the existing shares held by them respectively unless the Company in General Meeting shall by Special Resolution otherwise direct. The offer shall be made by notice specifying the number of shares offered, and limiting a period (not being less than fourteen days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of that period, those shares so deemed to be declined shall be offered in the proportion aforesaid to the persons who have, within the said period, accepted all the shares offered to them; such further offer shall be made in like terms in the same manner and limited by a like period as the original offer. Any shares not accepted pursuant to such offer or further offer as aforesaid or not capable of being offered as aforesaid except by way of fractions and any shares released from the provisions of this Article by any such Special Resolution as aforesaid shall be under the control of the Directors, who may allot, grant options over or otherwise dispose of the same to such persons, on such terms, and in such manner as they think fit, provided that, in the case of shares not accepted as aforesaid, such shares shall not be disposed of on terms which are more favourable to the subscribers therefor than the terms on which they were offered to the Members. The foregoing provisions of this paragraph (b) shall have effect subject to Section 80 of the Act.

(c) In accordance with Section 91(1) of the Act Sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the Company.

(d) The Directors are generally and unconditionally authorised for the purposes of Section 80 of the Act, to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the authorised share capital with which the Company is incorporated at any time or times during the period of five years from the date of incorporation and the Directors may, after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that

period. The authority hereby given may at any time (subject to the said Section 80) be renewed, revoked or varied by Ordinary Resolution of the Company in General Meeting.

SHARES

3. The lien conferred by Clause 8 in Table A shall attach also to fully paid-up shares, and the Company shall also have a first and paramount lien on all shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all moneys presently payable by him or his estate to the Company. Clause 8 in Table A shall be modified accordingly.

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

GENERAL MEETINGS AND RESOLUTIONS

5. (a) A notice convening a General Meeting shall be required to specify the general nature of the business to be transacted only in the case of special business and Clause 38 in Table A shall be modified accordingly.

All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also all that is transacted at an Annual General Meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and Auditors, and the appointment of, and the fixing of the remuneration of, the Auditors.

(b) Every notice convening a General Meeting shall comply with the provisions of Section 372(3) of the Act as to giving information to Members in regard to their right to appoint proxies; and notices of and other communications relating to any General Meeting which any Member is entitled to receive shall be sent to the Directors and to the Auditors for the time being of the Company.

6. (a) Clause 40 in Table A shall be read and construed as if the words "at the time when the Meeting proceeds to business" were added at the end of the first sentence.

(b) If a quorum is not present within half an hour from the time appointed for a General Meeting the General Meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine; and if at the adjourned General Meeting a quorum is not present within half an hour from the time appointed therefor such adjourned General Meeting shall be dissolved.

(c) Clause 41 in Table A shall not apply to the Company.

APPOINTMENT OF DIRECTORS

7. (a) Clause 54 in Table A shall not apply to the Company.

(b) The maximum number and minimum number respectively of the Directors may be determined from time to time by Ordinary Resolution in General Meeting of the Company. Subject to and in default of any such determination there shall be no maximum number of Directors and the minimum number of Directors shall be one. Whensoever the minimum number of the Directors shall be one, a sole Director shall have authority to exercise all the powers and discretions by Table A and by these Articles expressed to be vested in the Directors generally, and Clause 89 in Table A shall be modified accordingly.

(c) The Directors shall not be required to retire by rotation and Clauses 73 to 80 (inclusive) in Table A shall not apply to the Company.

(d) No person shall be appointed a Director at any General Meeting unless either:-

(i) he is recommended by the Directors; or

(ii) not less than fourteen nor more than thirty-five clear days before the date appointed for the General Meeting, notice executed by a Member qualified to vote at the General Meeting has been given to the Company of the intention to propose that person for appointment, together with notice executed by that person of his willingness to be appointed.

(e) Subject to paragraph (d) above, the Company may by Ordinary Resolution in General Meeting appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director.

(f) 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, provided that the appointment does not cause the number of Directors to exceed any number determined in accordance with paragraph (b) above as the maximum number of Directors and for the time being in force.

BORROWING POWERS

8. The Directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into shares) to Section 80 of the Act to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

ALTERNATE DIRECTORS

9. (a) An alternate Director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company 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, and the first sentence of Clause 66 in Table A shall be modified accordingly.

(b) A Director, or any such other person as is mentioned in Clause 65 in Table A, may act as an alternate Director to represent more than one Director, and an alternate Director shall be entitled at any meeting of the Directors or of any committee of the Directors to one vote for every Director whom he represents in addition to his own vote (if any) as a Director, but he shall count as only one for the purpose of determining whether a quorum is present.

DISQUALIFICATION OF DIRECTORS

10. The office of a Director shall be vacated if he becomes incapable by reason of illness or injury of managing and administering his property and affairs, and Clause 81 in Table A shall be modified accordingly.

GRATUITIES AND PENSIONS

11. (a) The Directors may exercise the powers of the Company conferred by Clause 3(t) of the Memorandum of Association of the Company and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.

(b) Clause 87 in Table A shall not apply to the Company.

PROCEEDINGS OF DIRECTORS

12. (a) A Director may vote, at any meeting of the Directors or of any committee of the Directors, on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever, and if he shall vote on any such resolution as aforesaid his vote shall be counted; and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting.

(b) Clauses 94 to 97 (inclusive) in Table A shall not apply to the Company.

INDEMNITY

13. (a) Every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 144 or Section 727 of the Act in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.

(b) Clause 118 in Table A shall not apply to the Company.

TRANSFER OF SHARES

14. The Directors may, in their absolute discretion and without assigning any reason therefor, decline to register the transfer of a share, whether or not it is a fully paid share, and the first sentence of Clause 24 in Table A shall not apply to the Company.

Names and Addresses of Subscribers

For and on behalf of
1. Instant Companies Limited
2 Baches Street
London N1 6UB

For and on behalf of
2. Swift Incorporations Limited
2 Baches Street
London N1 6UB

Dated 04.01.89

Witness to the above signatures, Terry Jayne
2 Baches Street
London N1 6UB

FILE COPY



**CERTIFICATE OF INCORPORATION
OF A PRIVATE LIMITED COMPANY**

No. 2376810

I hereby certify that

NATLUTE LIMITED

is this day incorporated under the Companies Act 1985 as
a private company and that the Company is limited.

Given under my hand at the Companies Registration Office,

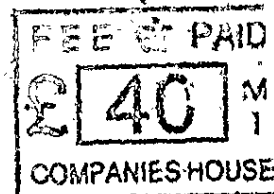
Cardiff the 27 APRIL 1989

S. M. Phillips
S. M. PHILLIPS

an authorised officer

SPECIAL RESOLUTIONS of
NATLUTE LIMITED

The Companies Act 1985
No. 2376810



Passed: 15 September 1989

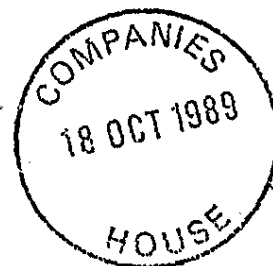
At an extraordinary general meeting held at 120 Campden Hill Road, London W8 7AR on 15 September 1989 the following resolutions were passed as Special Resolutions:

1. That the name of the Company be changed to Virgin Retail Group Limited.
2. That the Articles of Association of the Company be altered by
(i) the substitution for Article 2(a) of the regulation produced to the meeting marked "A" and signed by the Chairman for the purpose of identification; (ii) the deletion of Article 2(b); (iii) the addition of the regulation produced to the meeting marked "B" and signed by the chairman for the purpose of identification as Article 6(d) of the Articles of Association of the Company; and (iv) the addition of the regulation produced to the meeting marked "C" and signed by the chairman for the purpose of identification as Article 12(c) of the Articles of Association of the Company.

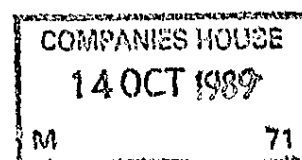
Signed:
Secretary

Presented by:

Freshfields (AMVS)
Grindall House
25 Newgate Street
London EC1A 7LH



Ln 1120x3
172126



FILE COPY



**CERTIFICATE OF INCORPORATION
ON CHANGE OF NAME**

No. 2376810

I hereby certify that

NATLUTE LIMITED

having by special resolution changed its name,
is now incorporated under the name of

VIRGIN RETAIL GROUP LIMITED

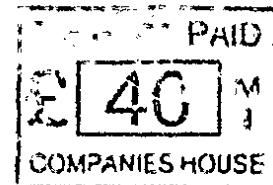
Given under my hand at the Companies Registration Office,
Cardiff the 30 OCTOBER 1989

M. J. Moss.
M. J. MOSS

an authorised officer

SPECIAL RESOLUTIONS of
NATLUTE LIMITED

The Companies Act 1985
No. 2376810



Passed: 15th September 1989

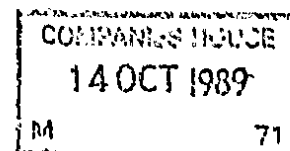
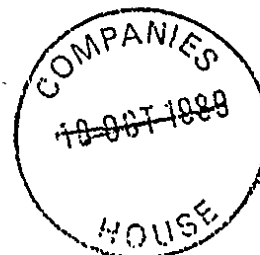
At an extraordinary general meeting held at 120 Campden Hill Road,
London W8 7AR on 15th September 1989 the following resolutions were
passed as Special Resolutions:

1. That the name of the Company be changed to Virgin Retail Group Limited.
2. That the Articles of Association of the Company be altered by
(i) the substitution for Article 2(a) of the regulation
produced to the meeting marked "A" and signed by the Chairman
for the purpose of identification; (ii) the deletion of
Article 2(b); (iii) the addition of the regulation produced
to the meeting marked "B" and signed by the chairman for the
purpose of identification as Article 6(d) of the Articles of
Association of the Company; and (iv) the addition of the
regulation produced to the meeting marked "C" and signed by
the chairman for the purpose of identification as
Article 12(c) of the Articles of Association of the Company.

Signed:.....
Secretary

Presented by:

Freshfields (AMVS)
Grindall House
25 Newgate Street
London EC1A 7LH



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Notice of new accounting reference
date given during the course of
an accounting reference period

225(1)

Pursuant to section 225(1) of the Companies Act 1985
as amended by Schedule 13 to the Insolvency Act 1986

To the Registrar of Companies

For official use

Company Number

Name of Company

2376810

VIRGIN RETAIL GROUP LIMITED

gives notice that the company's new accounting
reference date on which the current
accounting reference period and each
subsequent accounting reference period of
the company is to be treated as coming, or
as having come, to an end is

Day Month

3	1	0	7
---	---	---	---

The current accounting reference period of
the company is to be treated as ~~EXTENDED~~
and will come to an end on ~~SHORTENED~~

Day Month Year

3	1	0	7	1	9	9	0
---	---	---	---	---	---	---	---

If this notice states that the current accounting reference period is to
be extended, and reliance is being placed on section 225(6)(c) of the
Companies Act 1985, the following statement should be completed:

The company is a subsidiary of VIRGIN RETAIL LIMITED, company number 2224492
the accounting reference date of which is 31 July

If this notice is being given by a company which is subject to an
administration order and this notice states that the current accounting
reference period of the company is to be extended AND it is to be extended
beyond 18 months OR reliance is not being placed on section 225(6) of the
Companies Act 1985, the following statement should be completed:

An administration order was made in relation to the company on _____
and it is still in force.

Signed

Designation *Secretary*Date *18/6/90*

Presentor's name, address
and reference (if any):

R Flynn
120 Campden Hill Road
LONDON
W8 7AR

For official use
General section

Post room USE

20 JUN 1990

30

G

COMPANIES FORM No. 123

**Notice of increase
in nominal capital****123**Please do not
write in
this margin

Pursuant to section 123 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use Company number

--	--	--	--

2376810

Name of company

* VIRGIN RETAIL GROUP LIMITED

†Insert full name
of company

gives notice in accordance with section 123 of the above Act that by resolution of the company
dated 31st July 1990 the nominal capital of the company has been
increased by £ 8,000,000 beyond the registered capital of £ 10,000.

†The copy must be
printed or in some
other form approved
by the registrar

A copy of the resolution authorising the increase is attached.†

The conditions (e.g. voting rights, dividend rights, winding-up rights etc.) subject to which the new
shares have been or are to be issued are as follows:

Please see attached resolution

Please tick here if
continued overleaf☐†Insert Director,
Secretary,
Administrator,
Administrative
Receiver or Receiver
(Scotland) as
appropriate

Signed

Designations DirectorDate 1/8/90Presentor's name, address and
reference (if any):

Messrs. Harbottle & Lewis
Hanover House
14 Hanover Square
London. W1R 0BE

Ref: 6/65/K9969

For official use

General section

Post room

COMPANIES HOUSE
- 7 AUG 1990
M 98



The Solicitors' Law Stationery Society plc, 24 Gray's Inn Road, London WC1X 8HR

Companies G123

1987 Edition
4.87 BM
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Company No. 2376810

COMPANIES ACTS 1985

COMPANY LIMITED BY SHARES

RESOLUTIONS OF

VIRGIN RETAIL GROUP LIMITED (Passed on 31 July 1990)

At a duly convened Extraordinary General Meeting of the above named Company held at Norton House Hotel, Edinburgh on the 31st day of July 1990, the following Resolutions were duly passed as Ordinary and Special Resolutions:

ORDINARY RESOLUTIONS

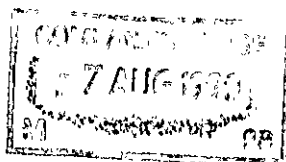
- (1) THAT the authorised share capital of the Company be increased to £8,010,000 by the creation of 8,000,000 cumulative redeemable preference shares of £1 each, and each such cumulative redeemable preference share shall have the respective rights and be subject to the conditions set out in the Company's Articles of Association as amended pursuant to Special Resolution (2) set out below.
- (2) THAT the directors of the Company be unconditionally authorised, pursuant to Section 80 of the Companies Act 1985, to allot, grant options over or otherwise dispose of the unissued shares comprised in the authorised share capital of the Company to such persons at such times and on such conditions as they think fit at any time or times during the period of five years from the date hereof.

SPECIAL RESOLUTIONS

- (1) THAT the 8,000,000 cumulative redeemable preference shares of £1 each be issued upon the terms that they are, or at the option of the Company are, liable to be redeemed.
- (2) THAT the Articles of Association of the Company be amended by the insertion of new Articles 2, 3 and 4 in the form of the attached document, produced to the meeting and initialled by the Chairman for identification purposes, and by the renumbering of the subsequent Articles accordingly.

BY ORDER OF THE BOARD

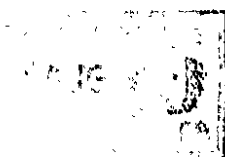
.....
Secretary



289

2376810

Memorandum and Articles of
Association of
VIRGIN RETAIL GROUP LIMITED
Company Number 2376810



THE COMPANIES ACT 1985

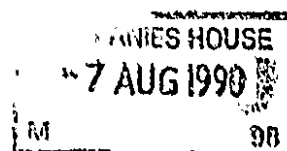
COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION OF

VIRGIN RETAIL GROUP LIMITED

1. The Company's name is "NATLUTE LIMITED".*
2. The Company's registered office is to be situated in England & Wales.
3. The Company's objects are:-
 - (a) To carry on the business of a holding company in all its branches, and to acquire by purchase, lease, concession, grant, licence or otherwise such businesses, options, rights, privileges, lands, buildings, leases, underleases, stocks, shares, debentures, debenture stock, bonds, obligations, securities, reversionary interests, annuities, policies of assurance and other property and rights and interests in property as the Company shall deem fit and generally to hold, manage, develop, lease, sell or dispose of the

* By a special resolution of the Company dated 1st September 1989 the name of the Company was changed to Virgin Retail Group Limited.



same; and to vary any of the investments of the Company, to act as trustees of any deeds constituting or securing any debentures, debenture stock or other securities or obligations; to enter into, assist, or participate in financial, commercial, mercantile, industrial and other transactions, undertakings and businesses of every description, and to establish, carry on, develop and extend the same or sell, dispose of or otherwise turn the same to account, and to co-ordinate the policy and administration of any companies of which this Company is a member or which are in any manner controlled by, or connected with the Company, and to carry on all or any of the businesses of capitalists, trustees, financiers, financial agents, company promoters, bill discounters, insurance brokers and agents, mortgage brokers, rent and debt collectors, stock and share brokers and dealers and commission and general agents, merchants and traders; and to manufacture, buy, sell, maintain, repair and deal in plant, machinery, tools, articles and things of any kinds capable of being used for the purposes of the above-mentioned businesses or any of them, or likely to be required by customers of or persons having dealings with the Company.

- (b) To carry on any other trade or business whatever which can in the opinion of the Board of Directors be advantageously carried on in connection with or ancillary to any of the businesses of the Company.
- (c) To purchase or by any other means acquire and take options over any property whatever, and any rights or privileges of any kind over or in respect of any property.

- (d) To apply for, register, purchase, or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets d'invention, licences, secret processes, trade marks, designs, protections and concessions and to disclaim, alter, modify, use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire.
- (e) To acquire or undertake the whole or any part of the business, goodwill, and assets of any person, firm, or company carrying on or proposing to carry on any of the businesses which the Company is authorised to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate with, or enter into partnership or into any arrangement for sharing profits, or for co-operation, or for mutual assistance with any such person, firm or company, or for subsidising or otherwise assisting any such person, firm or company, and to give or accept, by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities that may be agreed upon, and to hold and retain, or sell, mortgage and deal with any shares, debentures, debenture stock or securities so received.
- (f) To improve, manage, construct, repair, develop, exchange, let on lease or otherwise, mortgage,

charge, sell, dispose of, turn to account, grant licences, options, rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company.

- (g) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined and to hold or otherwise deal with any investments made.
- (h) To lend and advance money or give credit on any terms and with or without security to any person, firm or company (including without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company associated in any way with, the Company), to enter into guarantees, contracts of indemnity and suretyships of all kinds, to receive money on deposit or loan upon any terms, and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person, firm or company (including without prejudice to the generality of the foregoing any such holding company, subsidiary, fellow subsidiary or associated company as aforesaid).
- (i) To borrow and raise money in any manner and to secure the repayment of any money borrowed, raised or owing by mortgage, charge, standard security, lien or other security upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital, and also by similar mortgage, charge, standard security, lien or security to secure and guarantee the performance by the Company of any

obligation or liability it may undertake or which may become binding on it.

- (j) To draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of exchange, promissory notes, bills of lading, warrants, debentures, and other negotiable or transferable instruments.
- (k) To apply for, promote, and obtain any Act of Parliament, order, or licence of the Department of Trade or other authority for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem calculated directly or indirectly to promote the Company's interests, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.
- (l) To enter into any arrangements with any government or authority (supreme, municipal, local, or otherwise) that may seem conducive to the attainment of the Company's objects or any of them, and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions which the Company may think desirable and to carry out, exercise, and comply with any such charters, decrees, rights, privileges, and concessions.
- (m) To subscribe for, take, purchase, or otherwise, acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities

issued or guaranteed by any other company constituted or carrying on business in any part of the world, and debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority, municipal, local or otherwise, in any part of the world.

- (n) To control, manage, finance, subsidise, co-ordinate or otherwise assist any company or companies in which the Company has a direct or indirect financial interest, to provide secretarial, administrative, technical, commercial and other services and facilities of all kinds for any such company or companies and to make payments by way of subvention or otherwise and any other arrangements which may seem desirable with respect to any business or operations of or generally with respect to any such company or companies.
- (o) To promote any other company for the purpose of acquiring the whole or any part of the business or property or undertaking or any of the liabilities of the Company, or of undertaking any business or operations which may appear likely to assist or benefit the Company or to enhance the value of any property or business of the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of any such company as aforesaid.
- (p) To sell or otherwise dispose of the whole or any part of the business or property of the Company, either together or in portions, for such consideration as the Company may think fit, and in

particular for shares, debentures, or securities of any company purchasing the same.

- (q) To act as agents or brokers and as trustees for any person, firm or company, and to undertake and perform sub-contracts.
- (r) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment to him or them of shares or other securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient.
- (s) To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person, firm or company to pay the same, and to pay commissions to brokers and others for underwriting, placing, selling, or guaranteeing the subscription of any shares or other securities of the Company.
- (t) To support and subscribe to any charitable or public object and to support and subscribe to any institution, society, or club which may be for the benefit of the Company or its Directors or employees, or may be connected with any town or place where the Company carries on business; to give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aid and generally to provide advantages, facilities and services for any persons who are or have been Directors of, or who are or have been employed by, or who are serving or have served the Company, or any company which is a subsidiary of the Company or the holding

company of the Company or a fellow subsidiary of the Company or the predecessors in business of the Company or of any such subsidiary, holding or fellow subsidiary company and to the wives, widows, children and other relatives and dependants of such persons; to make payments towards insurance; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any of such persons and of their wives, widows, children and other relatives and dependants; and to set up, establish, support and maintain profit sharing or share purchase schemes for the benefit of any of the employees of the Company or of any such subsidiary, holding or fellow subsidiary company and to lend money to any such employees or to trustees on their behalf to enable any such purchase schemes to be established or maintained.

- (u) Subject to and in accordance with a due compliance with the provisions of Sections 155 to 158 (inclusive) of the Act (if and so far as such provisions shall be applicable), to give, whether directly or indirectly, any kind of financial assistance (as defined in Section 152(1)(a) of the Act) for any such purpose as is specified in Section 151(1) and/or Section 151(2) of the Act.
- (v) To distribute among the Members of the Company in kind any property of the Company of whatever nature.
- (w) To procure the Company to be registered or recognised in any part of the world.

(x) To do all or any of the things or matters aforesaid in any part of the world and either as principals, agents, contractors or otherwise, and by or through agents, brokers, sub-contractors or otherwise and either alone or in conjunction with others.

(y) To do all such other things as may be deemed incidental or conducive to the attainment of the Company's objects or any of them.

AND so that:-

- (1) None of the objects set forth in any sub-clause of this Clause shall be restrictively construed but the widest interpretation shall be given to each such object, and none of such objects shall, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other object or objects set forth in such sub-clause, or by reference to or inference from the terms of any other sub-clause of this Clause, or by reference to or inference from the name of the Company.
- (2) None of the sub-clauses of this Clause and none of the objects therein specified shall be deemed subsidiary or ancillary to any of the objects specified in any other such sub-clause, and the Company shall have as full a power to exercise each and every one of the objects specified in each sub-clause of this Clause as though each such sub-clause contained the objects of a separate Company.
- (3) The word "Company" in this Clause, except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether

incorpora rporated and whether domiciled in
the United Kingdom or elsewhere.

- (4) In this Clause the expression "the Act" means the Companies Act 1985, but so that any reference in this Clause to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

4. The liability of the Members is limited.

- *5. The Company's share capital is £10,000 divided into 100,000 shares of 10 pence each.

We, the subscribers to this Memorandum of Association, wish to be formed into a Company pursuant to this Memorandum; and we agree to take the number of shares shown opposite our respective names.

- * By an ordinary resolution of the Company dated 31 July 1990, the authorised share capital of the Company was increased to £8,010,000 by the creation of 8,000,000 cumulative redeemable preference shares of £1 each.

Names and addresses of
Subscribers

Number of shares taken
by each Subscriber

- | | | |
|------|---|-------|
| 1. | Instant Companies Limited,
2, Baches Street
London N1 6UB | - One |
|
 | | |
| 2. | Swift Incorporations Limited
2, Baches Street
London N1 6UB | - One |

Total shares taken	- Two
--------------------	-------

Dated the 4th day of January, 1989.

Witness to the above Signatures:- Terry Jayne,
2, Baches Street
London N1 6UB

THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION OF
VIRGIN RETAIL GROUP LIMITED

PRELIMINARY

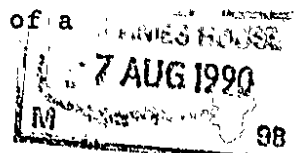
1. (a) The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (such Table being hereinafter called "Table A") shall apply to the Company save in so far as they are excluded or varied hereby and such Regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company.
- (b) In these Articles the expression "the Act" means the Companies Act 1985, but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

SHARE CAPITAL

2. The share capital of the Company is £8,010,000 divided into 8,000,000 cumulative redeemable preference shares of £1 each ("the Preference Shares") and 100,000 ordinary shares of 10 pence each ("the Ordinary Shares"). In these Articles, reference to "shares" shall mean both the Preference Shares and the Ordinary Shares except where the context precludes such interpretation.
3. The Preference Shares and the Ordinary Shares shall confer upon a holder of such shares the following respective rights and privileges and are subject to the following conditions and restrictions:

(a) As Regards Dividends

The net profit in respect of each financial year of the Company which by law is available for distribution by the Company shall be applied in payment of dividends to members of the Company in the following manner and order of priority, subject, in the case of dividends payable on Ordinary Shares, to the prior approval of a general meeting of the Ordinary Shareholders:



- (i) Firstly, the Preference Shares shall be entitled to a dividend equal to one-third of the profits by law available for distribution, provided that if such dividend shall exceed 9.375 per cent of the amounts for the time being paid up or credited as paid up on the Preference Shares, the dividend shall be limited to 9.375 per cent, to become payable and to be paid on the 15th December in each year, the first such payment being on 15th December 1990. The right to dividends shall be cumulative, with the result that if by reason of insufficiency of profits a dividend is not paid, or not paid in full, on the 15th December 1990 or in any subsequent year, the shares shall carry the entitlement to be paid that dividend or the amount thereof unpaid in that year on a subsequent date.
- (ii) Secondly, and subject to the dividend referred to in sub-paragraph (i) above having been declared and paid in full in respect of the financial year in question, the holders of the Ordinary Shares and the Preference Shares shall be entitled to a dividend or dividends of such amount as any as the Board of Directors shall recommend to be paid in the following proportions:
 - (A) As to 99 per cent of such amount in respect of the Ordinary Shares, to be paid in proportion to the amounts paid up or credited as paid up thereon;
 - (B) As to 1 per cent of such amount in respect of the Preference Shares.

(b) As Regards Capital

On a return of assets, whether on a dissolution, winding-up or otherwise, the assets of the Company available for distribution amongst the holders of the shares shall be applied as follows:

- (i) Firstly, an amount per share equal to 105 per cent of the nominal value of the share (or if a Preference Share is not fully paid up or credited as fully paid an amount equal to 105 per cent of the sum paid up) together with interest of 9.375 per cent per annum on that amount from the date of the resolution or court order for dissolution or winding-up until the amount is paid to the holders of the Preference Shares.

- (ii) Secondly, in paying over the balance, if any, of such assets to the holders of the Ordinary Shares in proportion to the amounts paid up or credited as paid up on the number of such shares held by them respectively.
- (c) Except as provided in paragraphs (a) and (b) of this Article, the Preference Shares shall not carry any other right to participate in profits or assets.
- (d) As Regards Voting Rights
- (i) The Preference Shares shall confer on the holders the right to receive notice of all general meetings of the Company whether or not the holders are entitled to vote at such general meetings.
- (ii) The Preference Shares shall not confer on the holders the right to attend and vote at a general meeting of the Company unless a resolution is to be proposed at a general meeting which amounts to a variation or alteration of rights attached to the Preference Shares under Article 4, in which event the Preference Shares shall confer on the holders thereof the right to attend and vote at that general meeting save that such holders may not vote upon any business dealt with at such general meeting other than:
- (A) the election of a Chairman; and
- (B) any motion for an adjournment; and
- (C) any resolution which amounts to a variation or alteration of rights attached to the Preference Shares under Article 4.
- (e) Right of the Preference Shareholders to put the Company into Liquidation
- (i) The holders for the time being of the Preference Shares shall be entitled to procure the winding up of the Company at any time on the passing of a special resolution in the manner set out in sub-paragraphs (ii) to (iv) below.
- (ii) The holders for the time being of three quarters of the Preference Shares may by notice ("the Winding Up Notice") served on the Directors of the Company require the Directors to serve a notice ("the Notice to Optionholders") forthwith on the Ordinary Shareholders containing the information prescribed by sub-paragraph (iii)

below.

- (iii) The Notice to Optionholders shall state that the holders of three quarters of the Preference Shares propose to procure that the Company be wound up and that the holders of the majority of the Ordinary Shares may by the service of an Option Notice and the subsequent exercise of their option purchase the Preference Shares held by the signatories to the Winding Up Notice in the manner set out in paragraph 6 within the period of one month from the date of the Notice to Optionholders but that if the majority of Ordinary Shareholders have not served an Option Notice (as defined in paragraph (f)(i)) within such period the Directors will convene an extraordinary general meeting of the Preference Shareholders in accordance with the provisions of sub-paragraph (iv) below.
- (iv) If a majority of Ordinary Shareholders have not served an Option Notice within such one month period, the Directors shall within 2 weeks of the expiry of such period serve on the Ordinary Shareholders and the Preference Shareholders a notice convening an extraordinary general meeting of the Preference Shareholders to consider and, if thought fit, to pass a special resolution that the Company be wound up. The Ordinary Shareholders will not be entitled to attend and vote at such meeting convened in accordance with this paragraph (e).

(f) Options Over Preference Shares

Every Preference Share shall be held subject to an option to purchase the same at the price and upon the terms hereinafter specified:

- (i) Such option shall be exercisable in accordance with sub-paragraph (iii) below by not less than one month's notice in writing (the "Option Notice") signed by the holder or holders for the time being of the majority of the Ordinary Shares in issue at the date of the notice addressed to the Secretary of the Company at the Office of the Company and specifying the number of Preference Shares in respect of which the option is being exercised.
- (ii) The fact of such notice shall be forthwith communicated by the Secretary to the registered holder or holders for the time being of the Preference Shares and to such of the registered holders of Ordinary Shares as are not signatories to the Option Notice.

- (iii) The option shall be exercisable within one month of the date of the Option Notice.
- (iv) The price at which the Preference Shares shall be sold in pursuance of an exercise of such option under sub-paragraph (i) shall be the amount per share equal to 105 per cent of the nominal value of the Preference Shares (or if a Preference Share is not fully paid up or credited as fully paid up an amount equal to 105 per cent of the sum paid up).
- (v) The Preference Shares to be sold in pursuance of an exercise of such option under sub-paragraph (i) above shall subject to sub-paragraph (vi) below be free from any encumbrance.
- (vi) An Ordinary Shareholders who purchased a Preference Share pursuant to the exercise of an option under paragraphs (e) and (f) hereof shall be entitled to any dividend declared by the Company as apportioned from the date of the transfer of the Preference Shares and the original holder of such Preference Shares shall be entitled to the remainder.
- (vii) (A) The option may be exercised in accordance with sub-paragraph (iii) above in respect of all or any number of the Preference Shares to be selected in accordance with sub-paragraphs (B) and (C) below.
 - (B) If the option is exercised in respect of less than 100 per cent of the Preference Shares the Preference Shares in respect of which the option is exercised shall be selected by the Secretary of the Company from the shareholdings of each of the Preference Shareholders in proportion to the number of Preference Shares constituting such shareholdings.
 - (C) If the exercise of the option is pursuant to the service on the Ordinary Shareholders of a Notice to Optionholders in accordance with paragraph (e) the option must be exercised in respect of each of the Preference Shares held by the signatories to the Winding-Up Notice.
- (viii) Upon any exercise of the option in manner aforesaid under paragraphs (e) or (f) there shall be deemed to be constituted a binding contract for the sale by the registered holder or holders for the time being of the Preference

Shares such Preference Shares comprised in such notice upon the terms aforesaid and upon the expiration of such notice the registered holder or holders thereof shall deliver to the Ordinary Shareholder wishing to purchase the same (hereinafter called "the purchaser") or his nominee a duly executed transfer or transfers of the said Preference Shares together with the certificate or certificates therefor and thereupon the price shall be payable to him or them.

- (ix) In the event of any shareholder, after having become bound as aforesaid, making default in transferring such Preference Shares, the Board of Directors may appoint some person to execute a transfer of such Preference Shares in the name and on behalf of such holder to the purchaser or his nominee and such appointment and any transfer executed in pursuance thereof shall be effective and the Company may thereupon cause the name of the purchaser or his nominee as aforesaid to be entered in the register as the holder thereof and deliver to him a certificate therefor and cancel the previous certificate therefor and may receive the purchase money and hold the same in trust for such person in default but without any liability to pay or account for interest thereon. The receipt of the Company for such purchase money shall be a good discharge to the purchaser and after his or his nominee's name has been entered in the register in purported exercise of the said power the validity of the proceedings shall not be questioned by any person.
- (x) The Preference Shares in respect of which an option is exercised (the "Option Shares") shall be purchased by the Ordinary Shareholders (or their respective nominees whether or not such Ordinary Shareholders are signatories to the Option Notice) in proportion to their holdings of Ordinary Shares provided that if any Ordinary Shareholder or his nominee shall not wish to purchase any or part of his entitlement to the Option Shares, the Option Shares representing such part of his entitlement as he or his nominee shall not wish to purchase shall be purchased by such of the Ordinary Shareholders as shall wish to purchase such Option Shares in proportion to their holdings of Ordinary Shares.
- (xi) For the purpose of Article 3(e) and (f) the right of the Ordinary Shareholders to exercise their options shall extend over any fully paid

bonus shares issued and ranking pari passu with the existing Preference Shares.

(g) As regards Redemption

(i) The Company shall have the right, subject to the provisions of the Act, to redeem at any time the whole or any part of the Preference Shares for the time being issued and outstanding upon giving to the holders of the shares to be redeemed not less than one month's previous notice in writing.

(ii) If (A) in the opinion of the Directors there is no reason why the Company should not redeem the Preference Shares; and
(B) the holders of the Preference Shares have passed a special resolution requesting the Company to redeem the outstanding Preference Shares on or as soon as practicable after the date specified in that resolution (which shall be not earlier than 31 July 1993)

then the Company shall redeem the Preference Shares.

Not less than one month's previous notice in writing shall be given to the holders of such shares specifying the date upon which the same will be redeemed.

(iii) In the case of any partial redemption under sub-paragraph (i) above, the Company shall for the purpose of ascertaining the particular shares to be redeemed cause a drawing to be made at the Office or at such other place as the Directors may decide in the presence of a representative of the Auditors.

(iv) Any notice of redemption shall specify the particular shares to be redeemed, the date fixed for redemption and the place at which the certificates for such shares are to be presented for redemption and upon such date, each of the holders of the shares concerned shall be bound to deliver to the Company at such place the certificates for such of the shares concerned as are held by him in order that the same may be cancelled. Upon such delivery the Company shall pay to such holder the amount due to him in respect of such redemption. If any certificate so delivered to the Company includes

any shares not redeemable on that occasion, a fresh certificate for such shares shall be issued to the holder delivering such certificate to the Company.

- (v) There shall be paid on each Preference Share redeemed an amount per share equal to 105 per cent of the nominal value of the share (or if a Preference Share is not fully paid up or credited as fully paid an amount equal to 105 per cent of the sum paid up).
- (vi) As from the date fixed for redemption of any Preference Shares dividends shall cease to accrue on the shares except on any such share in respect of which, upon due presentation of the certificate relating thereto, payment of the money due at such redemption shall be refused.
- (vii) The receipt of the registered holder for the time being of any Preference Shares or in the case of joint registered holders the receipt of any of them for the monies payable on redemption of such shares shall constitute an absolute discharge to the Company in respect thereof.

VARIATION OF RIGHTS

4. Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated whether or not the Company is being wound up, either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders (but not otherwise). For these purposes the issue of any Ordinary Shares, Preference Shares or other share capital or the variation of the rights attaching to any shares of the Company shall be treated as a variation or alteration of the rights attached to the Preference Shares. All the provisions of these Articles relating to general meetings of the Company or the proceedings thereat shall, mutatis mutandis, apply to every such separate general meeting, except that:
- (a) the necessary quorum shall be not less than two persons holding or representing by proxy one-third in nominal amount of the issued shares of the class or, at any adjourned meeting of such holders, those members who are present in person or by proxy, whatever their holdings; and
 - (b) the holders of shares of the class shall on a poll have one vote in respect of every share of the class held by them respectively.

ALLOTMENT OF SHARES

5. (a) Shares which are comprised in the authorised share capital with which the Company is incorporated shall be under the control of the Directors who may (subject to Section 80 of the Act and to paragraph (d) below) allot, grant options over or otherwise dispose of the same, to such persons, on such terms and in such manner as they think fit.
- (b) All shares which are not comprised in the authorised share capital with which the Company is incorporated and which the Directors propose to issue shall first be offered to the Members in proportion as nearly as may be to the number of the existing shares held by them respectively unless the Company in General Meeting shall by Special Resolution otherwise direct. The offer shall be made by notice specifying the number of shares offered, and limiting a period (not being less than fourteen days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of that period, those shares so deemed to be declined shall be offered in the proportion aforesaid to the persons who have, within the said period, accepted all the shares offered to them; such further offer shall be made in like terms in the same manner and limited by a like period as the original offer. Any shares not accepted pursuant to such offer or further offer as aforesaid or not capable of being offered as aforesaid except by way of fractions and any shares released from the provisions of this Articles by any such Special Resolution as aforesaid shall be under the control of the Directors, who may allot, grant options over or otherwise dispose of the same to such persons, on such terms, and in such manner as they think fit, provided that, in the case of shares not accepted as aforesaid, such shares shall not be disposed of on terms which are more favourable to the subscribers therefor than the terms on which they were offered to the Members. The foregoing provisions of this paragraph (b) shall have effect subject to Section 80 of the Act.
- (c) In accordance with Section 91(1) of the Act Sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the Company.
- (d) The Directors are generally and unconditionally authorised for the purposes of Section 80 of the Act, to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the authorised share capital with which the Company is incorporated at any time or times during the period of

five years from the date of incorporation and the Directors may, after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time (subject to the said Section 80) be renewed, revoked or varied by Ordinary Resolution of the Company in General Meeting.

SHARES

6. The lien conferred by Clause 8 in Table A shall attach also to fully paid-up shares, and the Company shall also have a first and paramount lien on all shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all moneys presently payable by him or his estate to the Company. Clause 8 in Table A shall be modified accordingly.
7. The liability of any Member in default in respect of a call shall be increased by the addition at the end of the first sentence of Clause 18 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment".

GENERAL MEETINGS AND RESOLUTIONS

8. (a) A notice convening a General Meeting shall be required to specify the general nature of the business to be transacted only in the case of special business and Clause 38 in Table A shall be modified accordingly.

All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also all that is transacted at an Annual General Meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and Auditors, and the appointment of, and the fixing of the remuneration of, the Auditors.
- (b) Every notice convening a General Meeting shall comply with the provisions of Section 372(3) of the Act as to giving information to Members in regard to their right to appoint proxies; and notices of and other communications relating to any General Meeting which any Member is entitled to receive shall be sent to the Directors and to the Auditors for the time being of the Company.
9. (a) Clause 40 in Table A shall be read and construed as if the words "at the time when the Meeting proceeds to business" were added at the end of the first sentence.

(b) If a quorum is not present within half an hour from the time appointed for a General Meeting the General Meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine; and if at the adjourned General Meeting a quorum is not present within half an hour from the time appointed therefor such adjourned General Meeting shall be dissolved.

(c) Clause 41 in Table A shall not apply to the Company.

APPOINTMENT OF DIRECTORS

10. (a) Clause 64 in Table A shall not apply to the Company.

(b) The maximum number and minimum number respectively of the Directors may be determined from time to time by Ordinary Resolution in General Meeting of the Company. Subject to and in default of any such determination there shall be no maximum number of Directors and the minimum number of Directors shall be one. Whensoever the minimum number of the Directors shall be one, a sole Director shall have authority to exercise all the powers and discretions by Table A and by these Articles expressed to be vested in the Directors generally, and Clause 89 in Table A shall be modified accordingly.

(c) The Directors shall not be required to retire by rotation and Clauses 73 to 80 (inclusive) in Table A shall not apply to the Company.

(d) No person shall be appointed a Director at any General Meeting unless either:-

(i) he is recommended by the Directors; or

(ii) not less than fourteen nor more than thirty-five clear days before the date appointed for the General Meeting, notice executed by a Member qualified to vote at the General Meeting has been given to the Company of the intention to propose that person for appointment, together with notice executed by that person of his willingness to be appointed.

(e) Subject to paragraph (d) above, the Company may be Ordinary Resolution in General Meeting appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director.

(f) 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, provided that the appointment does

not cause the number of Directors to exceed any number determined in accordance with paragraph (b) above as the maximum number of Directors and for the time being in force.

BORROWING POWERS

11. The Directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into shares) to Section 80 of the Act to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

ALTERNATE DIRECTORS

12. (a) An alternate Director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company 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, and the first sentence of Clause 66 in Table A shall be modified accordingly.
- (b) A Director, or any such other person as is mentioned in Clause 65 in Table A, may act as an alternate Director to represent more than one Director, and an alternate Director shall be entitled at any meeting of the Directors or of any committee of the Directors to one vote for every Director whom he represents in addition to his own vote (if any) as a Director, but he shall count as only one for the purpose of determining whether a quorum is present.

DISQUALIFICATION OF DIRECTORS

13. The office of a Director shall be vacated if he becomes incapable by reason of illness or injury of managing and administering his property and affairs, and Clause 81 in Table A shall be modified accordingly.

GRATUITIES AND PENSIONS

14. (a) The Directors may exercise the powers of the Company conferred by Clause 3(t) of the Memorandum of Association of the Company and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.
- (b) Clause 87 in Table A shall not apply to the Company.

PROCEEDINGS OF DIRECTORS

15. (a) A Director may vote, at any meeting of the Directors or of any committee of the Directors, on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever, and if he shall vote on any such resolution as aforesaid his vote shall be counted; and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting.
- (b) Clauses 94 to 97 (inclusive) in Table A shall not apply to the Company.

INDEMNITY

16. (a) Every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 144 or Section 727 of the Act in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.
- (b) Clause 118 in Table A shall not apply to the Company.

TRANSFER OF SHARES

17. The Directors may in their absolute discretion and without assigning any reason therefore, decline to register the Transfer of a share, whether or not it is a fully paid share, and the first sentence of Clause 24 in Table A shall not apply to the Company.

Names and addresses of Subscribers

1. Instant Companies Limited
2 Baches Street
London N1 6UB
 2. Swift Incorporations Limited
2 Baches Street
London N1 6UB
-

Dated this 4th day of January, 1989.

Witness to the above signatures, Terry Jayne
2 Baches Street
London N1 6UB

G

COMPANIES FORM No. 123

**Notice of increase
in nominal capital****123**Please do not
write in
this margin

Pursuant to section 123 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use Company number

--	--	--	--

2376810

Name of company

Insert full name
of company

* VIRGIN RETAIL GROUP LIMITED

gives notice in accordance with section 123 of the above Act that by resolution of the company
dated 29th July 1992 the nominal capital of the company has been
increased by £ 90,000 beyond the registered capital of £ 8,010,000.

†The copy must be
printed or in some
other form approved
by the registrar

A copy of the resolution authorising the increase is attached.†

The conditions (e.g. voting rights, dividend rights, winding-up rights etc.) subject to which the new
shares have been or are to be issued are as follows:

Each new share is to rank pari passu with the existing ordinary shares
of 10 pence each in the share capital of the Company.

Please tick here if
continued overleaf☐Insert Director,
Secretary,
Administrator,
Administrative
Receiver or Receiver
(Scotland) as
appropriateSigned Janice LockDesignation Secretary Date 11/8/92Presenter's name, address and
reference (if any):

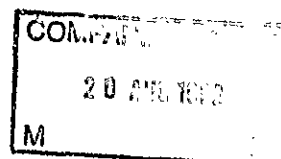
Harbottle & Lewis
Hanover House
14 Hanover Square
London W1R 0BE

Ref: 6/65/64920

For official use

General section

Post room



The Solicitors' Law Stationery Society plc, 24 Gray's Inn Road, London WC1X 8HR

1987 Edition
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Notice of new accounting reference
date given during the course of
an accounting reference period

225(1)

Pursuant to section 225(1) of the Companies Act 1985
as amended by Schedule 13 to the Insolvency Act 1986

To the Registrar of Companies

For official use

Company Number

Name of Company

2376810

VIRGIN RETAIL GROUP LIMITED

gives notice that the company's new accounting
reference date on which the current
accounting reference period and each
subsequent accounting reference period of
the company is to be treated as coming, or
as having come, to an end is

Day Month

3	1	0	1
---	---	---	---

The current accounting reference period of
the company is to be treated as EXTENDED
and will come to an end on

Day Month Year

3	1	0	1	1	9	9	3
---	---	---	---	---	---	---	---

If this notice states that the current accounting reference period is to
be extended, and reliance is being placed on section 225(6)(c) of the
Companies Act 1985, the following statement should be completed:

The company is a holding company of CAROLINE INTERNATIONAL LIMITED
company number 1070954
the accounting reference date of which is 31 January

If this notice is being given by a company which is subject to an
administration order and this notice states that the current accounting
reference period of the company is to be extended AND it is to be extended
beyond 18 months OR reliance is not being placed on section 225(6) of the
Companies Act 1985, the following statement should be completed:

An administration order was made in relation to the company on _____
and it is still in force.

Signed *James Cook*

Designation Co. Secretary

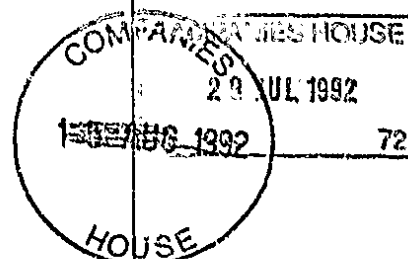
Date 27/7/92

Presentor's name, address
and reference (if any):

J.S. Cook
120 Campden Hill Road
LONDON
W8 7AR

For official use
General section

Post room



CHAPP

Number of Company: 2376810

THE COMPANIES ACT 1985

SPECIAL RESOLUTION

OF

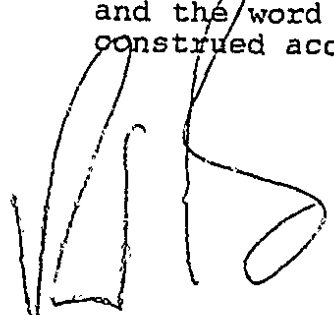
VIRGIN RETAIL GROUP LIMITED

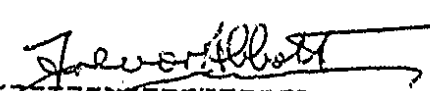
Passed on the 28th day of September 1992.

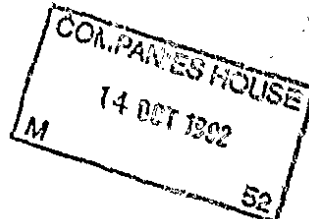
We, the undersigned, being all the Members for time being of the above-named Company entitled to receive notice and to attend and vote at general meetings hereby pass the following resolution as a Special Resolution and agree that the said resolution shall pursuant to regulation 53 of Table A (which clause is included in the Company's Articles of Association) 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:

IT WAS RESOLVED THAT the following clause be inserted as clause (c) in Article 15 of the Company's Articles of Association:

- (c) Without prejudice to the first sentence of Article 88 of Table A, a meeting of the board or of a committee of the board may consist of a conference between directors who are not all in one place, but of whom each is able (directly or by telephonic 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.


R.C.N. Branson


T.M. Abbott



Morgan Grenfell Trustee
Services (C.I.) Limited
A/c Libra

Abacus (C.I.) Limited
A/c Aquarius

Morgan Grenfell Trustee
Services (C.I.) Limited
A/c Virgo

Abacus (C.I.) Limited
A/c Aries

Morgan Grenfell Trustee
Services (Guernsey) Limited
A/c Gemini

Abacus (C.I.) Limited
A/c Capricorn

Morgan Grenfell Trustee
Services (Guernsey) Limited
A/c Jupiter

Abacus (C.I.) Limited
A/c Pisces

Morgan Grenfell Trustee
Services (Guernsey) Limited
A/c Laver

Abacus (C.I.) Limited
A/c Saturn

Morgan Grenfell Trustee
Services (Guernsey) Limited
A/c Leo

Morgan Grenfell
Trustee Services
(Guernsey) Limited
A/c Mars

Morgan Grenfell Trustee
Services (Guernsey) Limited
A/c McEnroe

Morgan Grenfell
Trustee Services
(Guernsey) Limited
A/c Venus

Number of Company: 2376810

THE COMPANIES ACT 1985

SPECIAL RESOLUTION

OF

VIRGIN RETAIL GROUP LIMITED

Passed on the 23rd day of September 1992.

We, the undersigned, being all the Members for time being of the above-named Company entitled to receive notice and to attend and vote at general meetings hereby pass the following resolution as a Special Resolution and agree that the said resolution shall pursuant to regulation 53 of Table A (which clause is included in the Company's Articles of Association) 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:

IT WAS RESOLVED THAT the following clause be inserted as clause (c) in Article 15 of the Company's Articles of Association:

- (c) Without prejudice to the first sentence of Article 88 of Table A, a meeting of the board or of a committee of the board may consist of a conference between directors who are not all in one place, but of whom each is able (directly or by telephonic 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.

R.C.N. Branson

T.M. Abbott

[Handwritten signatures]

Morgan Grenfell Trustee
Services (C.I.) Limited
A/c Libra

A. Gold DIRECTOR

Abacus -(C.I.) Limited
A/c Aquarius

Morgan Grenfell Trustee
Services (C.I.) Limited
A/c Virgo

A. Gold DIRECTOR

Abacus (C.I.) Limited
A/c Aries

Morgan Grenfell Trustee
Services (Guernsey) Limited
A/c Gemini

x *A. Gold* DIRECTOR

Abacus (C.I.) Limited
A/c Capricorn

Morgan Grenfell Trustee
Services (Guernsey) Limited
A/c Jupiter

x *A. Gold* DIRECTOR

Abacus (C.I.) Limited
A/c Pisces

Morgan Grenfell Trustee
Services (Guernsey) Limited
A/c Laver

x *A. Gold* DIRECTOR

Abacus (C.I.) Limited
A/c Saturn

Morgan Grenfell Trustee
Services (Guernsey) Limited
A/c Leo

Morgan Grenfell
Trustee Services
(Guernsey) Limited
A/c Mars

Morgan Grenfell Trustee
Services (Guernsey) Limited
A/c McEnroe

Morgan Grenfell
Trustee Services
(Guernsey) Limited
A/c Venus

Number of Company: 2376810

THE COMPANIES ACT 1985

SPECIAL RESOLUTION

OF

VIRGIN RETAIL GROUP LIMITED

Passed on the 28th day of September 1992.

We, the undersigned, being all the Members for time being of the above-named Company entitled to receive notice and to attend and vote at general meetings hereby pass the following resolution as a Special Resolution and agree that the said resolution shall pursuant to regulation 53 of Table A (which clause is included in the Company's Articles of Association) 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:

IT WAS RESOLVED THAT the following clause be inserted as clause (c) in Article 15 of the Company's Articles of Association:

- (c) Without prejudice to the first sentence of Article 88 of Table A, a meeting of the board or of a committee of the board may consist of a conference between directors who are not all in one place, but of whom each is able (directly or by telephonic 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.

R.C.N. Branson

T.M. Abbott

Morgan Grenfell Trustee
Services (C.I.) Limited
A/c Libra

Abacus (C.I.) Limited
A/c Aquarius

Morgan Grenfell Trustee
Services (C.I.) Limited
A/c Virgo

Abacus (C.I.) Limited
A/c Aries

Morgan Grenfell Trustee
Services (Guernsey) Limited
A/c Gemini

Abacus (C.I.) Limited
A/c Capricorn

Morgan Grenfell Trustee
Services (Guernsey) Limited
A/c Jupiter

Abacus (C.I.) Limited
A/c Pisces

Morgan Grenfell Trustee
Services (Guernsey) Limited
A/c Laver

Abacus (C.I.) Limited
A/c Saturn

Morgan Grenfell Trustee
Services (Guernsey) Limited
A/c Leo

Morgan Grenfell
Trustee Services
(Guernsey) Limited
A/c Mars

Morgan Grenfell Trustee
Services (Guernsey) Limited
A/c McEnroe

Morgan Grenfell
Trustee Services
(Guernsey) Limited
A/c Venus

G

COMPANIES FORM No. 123

**Notice of increase
in nominal capital****123**Please do not
write in
this margin

Pursuant to section 123 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering*
insert full name
of company#
the copy must be
printed or in some
other form approved
by the registrar†
Insert
Director,
Secretary,
Administrator,
Administrative
Receiver or
Receiver
(Scotland) as
appropriateTo the Registrar of Companies
(Address overleaf)

For official use

Company number

[] [] [] []
[] [] [] []

2376810

Name of company

* VIRGIN RETAIL GROUP LIMITED

gives notice in accordance with section 123 of the above Act that by resolution of the company
dated 31 January 1994 the nominal capital of the company has been
increased by £ US\$ 4,616.07 beyond the registered capital of £ 8,100,000.

A copy of the resolution authorising the increase is attached. #

The conditions (eg. voting rights, dividend rights, winding-up rights etc.) subject to which the new
shares have been or are to be issued are as follows:

As specified in the new articles of association adopted by written shareholders resolution passed on 31
January 1994, a copy of which is filed with this form.

Please tick here if
continued overleafSigned Janice CookDesignation TX SecretaryDate 15 February 1994Presenter's name address and
reference (if any):

Freshfields
65 Fleet Street
London
EC4Y 1HS
(Ref: LAM/JML)

For official Use

General Section

Post room



THE COMPANIES ACT 1985 TO 1989

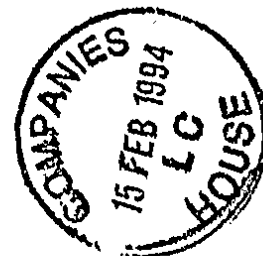
VIRGIN RETAIL GROUP LIMITED
(the Company)

Company No. 2376810

WRITTEN SHAREHOLDERS RESOLUTIONS

The undersigned, being all the Members of the Company entitled to attend and vote at a general meeting of the Company on the Resolutions below, and the Auditors of the Company having given notice to the Company that the Resolutions do not concern them as Auditors, HEREBY UNANIMOUSLY RESOLVE, pursuant to Section 381A of the Companies Act 1985 (*the Act*) as follows:

- "1. THAT the authorised share capital of the Company be and hereby is increased from £8,100,000 to £8,100,000 and US\$ 4,616.07 by the creation of an additional 461,607 Ordinary Shares of US\$ 0.01 each in the Company with the rights attaching to such shares set out in the articles of association to be adopted by this resolution and contained in the document initialled for the purpose of identification by each of the Members (*the New Articles of Association*).
2. THAT the Directors be and are hereby generally and unconditionally authorised, pursuant to and for the purposes of Section 80 of the Act 1985, to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 of the Companies Act 1985) up to a maximum of 461,407 Ordinary Shares of US\$ 0.01 each in the Company, such authority, unless renewed, to expire on 28 February 1994.
3. THAT it is desirable to capitalise the sum of £ 3,080.67, being part of the amount standing to the credit of the Company's Share Premium Account, in order to implement an issue of shares described in sub-paragraphs (a), (b) and (c) of the paragraph, such sum being calculated by reference to an exchange rate of US\$ 1.984:£1, being the average of the buying and selling spot rates of Lloyds Bank Plc on 31 January 1994, being the date of paying-up of the unissued Ordinary Shares of US\$ 0.01 each pursuant to sub-paragraph (b) below, and accordingly that the Directors be and are hereby specifically authorised and directed:
 - (a) to appropriate the said sum to the shareholders of the Company whose names appear on the register of members at the close of business on 28 January 1994;



(b) to apply the said sum on behalf of such members in paying up in full at par 461,607 unissued Ordinary Shares of US\$ 0.01 each; and

(c) to allot and distribute those shares, credited as fully paid, to and among such shareholders in the proportion of one new share for every one share held at the date specified in sub-paragraph (a) above.

4. THAT the Directors be and are hereby empowered to allot shares pursuant to the authority given by Resolution 2 above up to an aggregate nominal amount of US\$ 4,616.17 as if Article 5(b) of the Articles of Association of the Company did not apply to any such allotment.

5. THAT, forthwith upon the allotment of the shares referred to in Resolution 4 above, (i) all the Company's existing Ordinary Shares of 10p each be redesignated "A" Ordinary Shares subject to the rights attaching to such shares set out in the New Articles of Association in the form attached to this Resolution and marked "A" for the purposes of identification and (ii) the New Articles of Association be and are hereby approved and adopted as the Articles of Association of the Company, in substitution for and to the exclusion of the existing Articles of Association of the Company.

6. (a) THAT the decision of the directors of the Company to enter into a sale and purchase agreement with Virgin Retail (BVI) Limited (VRBL) in relation to the transfer by the Company to VRBL of its holdings of shares in Virgin Blockbuster Limited and Salform Limited at market value, with the consideration to be left outstanding on inter-company account (the *Hive-up Agreement*), be and is hereby approved and ratified; and

(b) THAT the directors be and are hereby authorised to enter into the *Hive-up Agreement* on behalf of the Company.

7. THAT insofar as the resolutions above shall result in a variation of the rights attached to the Preference Shares we, as holders of all the Preference Shares in the Company, hereby consent to any such variation or alteration resulting from the relevant resolutions.

DATED the 31st January 1994

.....
Abacus(C.I.) Limited

.....
R.C.N. Branson


.....
T.M. Abbott

.....
Morgan Grenfell Trustee Services
(Guernsey) Limited

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**Morgan Grenfell Trustee Services
(C.I.) Limited**

THE COMPANIES ACT 1985 TO 1989

VIRGIN RETAIL GROUP LIMITED
(the Company)

Company No. 2376810

WRITTEN SHAREHOLDERS RESOLUTIONS

The undersigned, being all the Members of the Company entitled to attend and vote at a general meeting of the Company on the Resolutions below, and the Auditors of the Company having given notice to the Company that the Resolutions do not concern them as Auditors, HEREBY UNANIMOUSLY RESOLVE, pursuant to Section 381A of the Companies Act 1985 (the Act) as follows:

"1. THAT the authorised share capital of the Company be and hereby is increased from £8,100,000 to £8,100,000 and US\$ 4,616.07 by the creation of an additional 461,607 Ordinary Shares of US\$ 0.01 each in the Company with the rights attaching to such shares set out in the articles of association to be adopted by this resolution and contained in the document initialled for the purpose of identification by each of the Members (the *New Articles of Association*).

2. THAT the Directors be and are hereby generally and unconditionally authorised, pursuant to and for the purposes of Section 80 of the Act 1985, to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 of the Companies Act 1985) up to a maximum of 461,407 Ordinary Shares of US\$ 0.01 each in the Company, such authority, unless renewed, to expire on 28 February 1994.

3. THAT it is desirable to capitalise the sum of £ 3,080.67, being part of the amount standing to the credit of the Company's Share Premium Account, in order to implement an issue of shares described in sub-paragraphs (a), (b) and (c) of this paragraph, such sum being calculated by reference to an exchange rate of US\$ 1.4984:£1, being the average of the buying and selling spot rates of Lloyds Bank Plc on 31 January 1994, being the date of paying-up of the unissued Ordinary Shares of US\$ 0.01 each pursuant to sub-paragraph (b) below, and accordingly that the Directors be and are hereby specifically authorised and directed:

(a) to appropriate the said sum to the shareholders of the Company whose names appear on the register of members at the close of business on 28 January 1994;

(b) to apply the said sum on behalf of such members in paying up in full at par 461,607 unissued Ordinary Shares of US\$ 0.01 each; and

(c) to allot and distribute those shares, credited as fully paid, to and among such shareholders in the proportion of one new share for every one share held at the date specified in sub-paragraph (a) above.

4. THAT the Directors be and are hereby empowered to allot shares pursuant to the authority given by Resolution 2 above up to an aggregate nominal amount of US\$ 4,616.17 as if Article 5(b) of the Articles of Association of the Company did not apply to any such allotment.

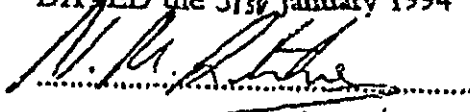
5. THAT, forthwith upon the allotment of the shares referred to in Resolution 4 above, (i) all the Company's existing Ordinary Shares of 10p each be redesignated "A" Ordinary Shares subject to the rights attaching to such shares set out in the New Articles of Association in the form attached to this Resolution and marked "A" for the purposes of identification and (ii) the New Articles of Association be and are hereby approved and adopted as the Articles of Association of the Company, in substitution for and to the exclusion of the existing Articles of Association of the Company.

6. (a) THAT the decision of the directors of the Company to enter into a sale and purchase agreement with Virgin Retail (BVI) Limited (VRBL) in relation to the transfer by the Company to VRBL of its holdings of shares in Virgin Blockbuster Limited and Salform Limited at market value, with the consideration to be left outstanding on inter-company account (the *Hive-up Agreement*), be and is hereby approved and ratified; and

(b) THAT the directors be and are hereby authorised to enter into the *Hive-up Agreement* on behalf of the Company.

7. THAT insofar as the resolutions above shall result in a variation of the rights attached to the Preference Shares we, as holders of all the Preference Shares in the Company, hereby consent to any such variation or alteration resulting from the relevant resolutions.

DATED the 31st January 1994


Director &
Abacus(C.I.) Limited Secretary

R.C.N. Branson

T.M. Abbott

Morgan Grenfell Trustee Services
(Guernsey) Limited

Morgan Grenfell Trustee Services
(C.I.) Limited

THE COMPANIES ACT 1985 TO 1989

VIRGIN RETAIL GROUP LIMITED
(the Company)

Company No. 2376810

WRITTEN SHAREHOLDERS RESOLUTIONS

The undersigned, being all the Members of the Company entitled to attend and vote at a general meeting of the Company on the Resolutions below, and the Auditors of the Company having given notice to the Company that the Resolutions do not concern them as Auditors, HEREBY UNANIMOUSLY RESOLVE, pursuant to Section 381A of the Companies Act 1985 (the Act) as follows:

"1. THAT the authorised share capital of the Company be and hereby is increased from £8,100,000 to £9,100,000 and US\$ 4,616.07 by the creation of an additional 461,607 Ordinary Shares of US\$ 0.01 each in the Company with the rights attaching to such shares set out in the articles of association to be adopted by this resolution and contained in the document initialled for the purpose of identification by each of the Members (the New Articles of Association).

2. THAT the Directors be and are hereby generally and unconditionally authorised, pursuant to and for the purposes of Section 80 of the Act 1985, to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 of the Companies Act 1985) up to a maximum of 461,407 Ordinary Shares of US\$ 0.01 each in the Company, such authority, unless renewed, to expire on 28 February 1994.

3. THAT it is desirable to capitalise the sum of £ 3,080.67, being part of the amount standing to the credit of the Company's Share Premium Account, in order to implement an issue of shares described in sub-paragraphs (a), (b) and (c) of this paragraph, such sum being calculated by reference to an exchange rate of US\$ 1.4088/£1, being the average of the buying and selling spot rates of Lloyds Bank Plc on 31 January 1994, being the date of paying-up of the unissued Ordinary Shares of US\$ 0.01 each pursuant to sub-paragraph (b) below, and accordingly that the Directors be and are hereby specifically authorised and directed:

(a) to appropriate the said sum to the shareholders of the Company whose names appear on the register of members at the close of business on 28 January 1994;

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(b) to apply the said sum on behalf of such members in paying up in full at par 461,607 unissued Ordinary Shares of US\$ 0.01 each; and

(c) to allot and distribute those shares, credited as fully paid, to and among such shareholders in the proportion of one new share for every one share held at the date specified in sub-paragraph (a) above.

4. THAT the Directors be and are hereby empowered to allot shares pursuant to the authority given by Resolution 2 above up to an aggregate nominal amount of US\$ 4,616.17 as if Article 5(b) of the Articles of Association of the Company did not apply to any such allotment.

5. THAT, forthwith upon the allotment of the shares referred to in Resolution 4 above, (i) all the Company's existing Ordinary Shares of 10p each be redesignated "A" Ordinary Shares subject to the rights attaching to such shares set out in the New Articles of Association in the form attached to this Resolution and marked "A" for the purposes of identification and (ii) the New Articles of Association be and are hereby approved and adopted as the Articles of Association of the Company, in substitution for and to the exclusion of the existing Articles of Association of the Company.

6. (a) THAT the decision of the directors of the Company to enter into a sale and purchase agreement with Virgin Retail (BVI) Limited (VRBL) in relation to the transfer by the Company to VRBL of its holdings of shares in Virgin Blockbuster Limited and Salford Limited at market value, with the consideration to be left outstanding on inter-company account (the *Hive-up Agreement*), be and is hereby approved and ratified; and

(b) THAT the directors be and are hereby authorised to enter into the *Hive-up Agreement* on behalf of the Company.

7. THAT insofar as the resolutions above shall result in a variation of the rights attached to the Preference Shares we, as holders of all the Preference Shares in the Company, hereby consent to any such variation or alteration resulting from the relevant resolutions.

DATED the 31st January 1994

Abacus(C.I.) Limited

T.M. Abbott

R.C.N. Branson

Morgan Grenfell Trustee Services
(Guernsey) Limited


Morgan Grenfell Trustee Services
(C.I.) Limited

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**WRITTEN RESOLUTIONS OF
VIRGIN RETAIL GROUP LIMITED**

**COMPANY No. 2376810
THE COMPANIES ACT 1985**

By shareholders written resolution pursuant to section 381A Companies Act 1985, which became effective on 31 January 1994, the following resolutions have been unanimously agreed:

1. THAT the authorised share capital of the Company be and hereby is increased from £8,100,000 to £8,100,000 and US\$ 4,616.07 by the creation of an additional 461,607 Ordinary Shares of US\$ 0.01 each in the Company with the rights attaching to such shares set out in the articles of association to be adopted by this resolution and contained in the document initialled for the purpose of identification by each of the Members (the *New Articles of Association*).
2. THAT the Directors be and are hereby generally and unconditionally authorised, pursuant to and for the purposes of Section 80 of the Act 1985, to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 of the Companies Act 1985) up to a maximum of 461,407 Ordinary Shares of US\$ 0.01 each in the Company, such authority, unless renewed, to expire on 28 February 1994.
3. THAT it is desirable to capitalise the sum of £ 3,080.67, being part of the amount standing to the credit of the Company's Share Premium Account, in order to implement an issue of shares described in sub-paragraphs (a), (b) and (c) of this paragraph, such sum being calculated by reference to an exchange rate of US\$ 1.4984:£1, being the average of the buying and selling spot rates of Lloyds Bank Plc on 31 January 1994, being the date of paying-up of the unissued Ordinary Shares of US\$ 0.01 each pursuant to sub-paragraph (b) below, and accordingly that the Directors be and are hereby specifically authorised and directed:
 - (a) to appropriate the said sum to the shareholders of the Company whose names appear on the register of members at the close of business on 28 January 1994;
 - (b) to apply the said sum on behalf of such members in paying up in full at par 461,607 unissued Ordinary Shares of US\$ 0.01 each; and
 - (c) to allot and distribute those shares, credited as fully paid, to and among such shareholders in the proportion of one new share for every one share held at the date specified in sub-paragraph (a) above.
4. THAT the Directors be and are hereby empowered to allot shares pursuant to the authority given by Resolution 2 above up to an aggregate nominal amount of US\$ 4,616.17 as if Article 5(b) of the Articles of Association of the Company did not apply to any such allotment.
5. THAT, forthwith upon the allotment of the shares referred to in Resolution 4 above, (i) all the Company's existing Ordinary Shares of 10p each be redesignated "A" Ordinary Shares subject to the rights attaching to such shares set out in the New Articles of Association in the form attached to this Resolution and marked "A" for the purposes of identification and (ii) the New Articles of Association be and are hereby

approved and adopted as the Articles of Association of the Company, in substitution for and to the exclusion of the existing Articles of Association of the Company.

6. (a) THAT the decision of the directors of the Company to enter into a sale and purchase agreement with Virgin Retail (BVI) Limited (VRBL) in relation to the transfer by the Company to VRBL of its holdings of shares in Virgin Blockbuster Limited and Salford Limited at market value, with the consideration to be left outstanding on inter-company account (the *Hive-up Agreement*), be and is hereby approved and ratified; and

(b) THAT the directors be and are hereby authorised to enter into the Hive-up Agreement on behalf of the Company.

7. THAT insofar as the resolutions above shall result in a variation of the rights attached to the Preference Shares, as holders of all the Preference Shares in the Company, hereby consent to any such variation or alteration resulting from the relevant resolutions.

2 *Janice Lock*
Secretary

Dated: 15 February 1994

THE COMPANIES ACT 1985

VIRGIN RETAIL GROUP LIMITED

COMPANY NUMBER 2376810

Filed with the Registrar of Companies pursuant to Section 18 Companies Act
1985

Janice Lock

Secretary

Dated: 15 February 1994



"A"

THE COMPANIES ACT 1985
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
of
VIRGIN RETAIL GROUP LIMITED

(as at 31 January 1994)

PRELIMINARY

- 1.(a) The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (such Table being hereinafter called *Table A*) shall apply to the Company save insofar as they are excluded or varied hereby and such Regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company.
- (b) In these Articles the *Act* means the Companies Act 1985, but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

SHARE CAPITAL

2. The share capital of the Company is £8,100,000 and US\$ 4,616.07 divided into 8,000,000 cumulative redeemable preference shares of £1 each (the *Preference Shares*), 1,000,000 "A" Ordinary Shares of 10 pence each (the *"A" Ordinary Shares*) and 461,607 Ordinary Shares of US\$ 0.01 each (the *Ordinary Shares*). In these Articles, reference to *shares* shall mean the Preference Shares, the "A" Ordinary Shares and the Ordinary Shares except where the context precludes such interpretation.

3. The shares shall confer upon a holder of such shares the following respective rights and privileges and are subject to the following conditions and restrictions:

(a) Dividends

The net profit in respect of each financial year of the Company which by law is available for distribution by the Company shall be applied in payment of dividends to members of the Company in the following manner and order of priority, subject, in the case of dividends payable on Ordinary Shares, to the prior approval of a general meeting of the Ordinary Shareholders;

- (i) Firstly, the Preference Shares shall be entitled to a dividend equal to one-third of the profits by law available for distribution, provided that if such dividend shall exceed 9.375 per cent. of the amounts for the time being paid up or credited as paid up on the Preference Shares, the dividend shall be limited to 9.375 per cent., to become payable and to be paid on the 15 December in each year, the first such payment being on 15 December 1990. The right to dividends shall be cumulative, with the result that if by reason of insufficiency of profits a dividend is not paid, or not paid in full, on 15 December 1990 or in any subsequent year, the shares shall carry the entitlement to be paid that dividend or the amount thereof unpaid in that year on a subsequent date;
- (ii) Secondly, and subject to the dividend referred to in sub-paragraph (i) above having been declared and paid in full in respect of the financial year in question, the holders of the Ordinary Shares and the Preference Shares shall be entitled to a dividend or dividends of such amount if any as the Board of Directors shall recommend to be paid in the following proportions:
 - (A) as to 99 per cent. of such amount in respect of the Ordinary Shares, to be paid in proportion to the amounts paid up or credited as paid up thereon;
 - (B) as to 1 per cent. of such amount in respect of the Preference Shares.

The "A" Ordinary Shares shall carry no rights to dividends.

(b) Capital

On a return of assets, whether on a dissolution, winding-up or otherwise, the assets of the Company available for distribution amongst the holders of the shares shall be applied as follows:

- (i) Firstly, an amount per share equal to 105 per cent. of the nominal value of the share (or if a Preference Share is not fully paid up or credited as fully paid an amount equal to 105 per cent. of the sum

paid up) together with interest of 9.375 per cent. per annum on that amount from the date of the resolution or court order for dissolution or winding-up until the amount is paid to the holders of the Preference Shares;

(ii) Secondly, subject to Article 3(b)(iii) below, in paying over the balance, if any, of such assets to the holders of the Ordinary Shares in proportion to the amounts paid up or credited as paid on the number of such shares held by them respectively;

(iii) Thirdly, in the event that every holder of Ordinary Shares has received at least £1 million per share pursuant to Article 3(b)(ii) above, in paying to the holders of the "A" Ordinary Shares in proportion to the amounts paid up or credited as paid up on their respective holdings of such shares, the nominal value of such shares;

(c) Except as provided in paragraphs (a) and (b) of this Article, the Preference Shares shall not carry any other right to participate in profits or assets.

(d) Voting Rights

(i) the Preference Shares shall confer on the holders the right to receive notice of all general meetings of the Company whether or not the holders are entitled to vote at such general meetings;

(ii) the Preference Shares shall not confer on the holders the right to attend and vote at a general meeting of the Company unless a resolution is to be proposed at a general meeting which amounts to a variation or alteration of rights attached to the Preference Shares under Article 4, in which event the Preference Shares shall confer on the holders thereof the right to attend and vote at that general meeting save that such holders may not vote upon any business dealt with at such general meeting other than:

(A) the election of a Chairman; and

(B) any motion for an adjournment; and

(C) any resolution which amounts to a variation or alteration of rights attached to the Preference Shares under Article 4;

(iii) the "A" Ordinary Shares shall carry no voting rights and shall not entitle the holders thereof to receive notice of, attend or speak at any general meeting of the Company;

(e) Right of the Preference Shareholders to put the Company into Liquidation

- (i) the holders for the time being of the Preference Shares shall be entitled to procure the winding up of the Company at any time on the passing of a special resolution in the manner set out in sub-paragraphs (ii) to (iv) below;
- (ii) the holders for the time being of three quarters of the Preference Shares may by notice (the *Winding Up Notice*) served on the Directors of the Company require the Directors to serve a notice (the *Notice to Optionholders*) forthwith on the Ordinary Shareholders containing the information prescribed by sub-paragraph (iii) below;
- (iii) the Notice to Optionholders shall state that the holders of three quarters of the Preference Shares propose to procure that the Company be wound up and that the holders of the majority of the Ordinary Shares may by the service of an Option Notice and the subsequent exercise of their option purchase the Preference Shares held by the signatories to the Winding Up Notice in the manner set out in paragraph 6 within the period of one month from the date of the Notice to Optionholders but that if the majority of Ordinary Shareholders have not served an Option Notice (as defined in paragraph (f)(i)) within such period the Directors will convene an extraordinary general meeting of the Preference Shareholders in accordance with the provisions of sub-paragraph (iv) below;
- (iv) if a majority of Ordinary Shareholders have not served an Option Notice within such one month period, the Directors shall within 2 weeks of the expiry of such period serve on the Ordinary Shareholders and the Preference Shareholders a notice convening an extraordinary general meeting of the Preference Shareholders to consider and, if thought fit, to pass a special resolution that the Company be wound up. The Ordinary Shareholders will not be entitled to attend and vote at such meeting convened in accordance with this paragraph (e);

(f) Options Over Preference Shares

Every Preference Share shall be held subject to an option to purchase the same at the price and upon the terms hereinafter specified:

- (i) such option shall be exercisable in accordance with sub-paragraph (iii) below by not less than one month's notice in writing (the *Option Notice*) signed by the holder or holders for the

time being of the majority of the Ordinary Shares in issue at the date of the notice addressed to the Secretary of the Company at the Office of the Company and specifying the number of Preference Shares in respect of which the option is being exercised;

- (ii) the fact of such notice shall be forthwith communicated by the Secretary to the registered holder or holders for the time being of the Preference Shares and to such of the registered holders of Ordinary Shares as are not signatories to the Option Notice;
- (iii) the option shall be exercisable within one month of the date of the Option Notice;
- (iv) the price at which the Preference Shares shall be sold in pursuance of an exercise of such option under sub-paragraph (i) shall be the amount per share equal to 105 per cent. of the nominal value of the Preference Shares (or if a Preference Share is not fully paid up or credited as fully paid up an amount equal to 105 per cent. of the sum paid up);
- (v) the Preference Shares to be sold in pursuance of an exercise of such option under sub-paragraph (i) above shall subject to sub-paragraph (vi) below be free from any encumbrance;
- (vi) an Ordinary Shareholder who purchased a Preference Share pursuant to the exercise of an option under paragraphs (e) and (f) hereof shall be entitled to any dividend declared by the Company as apportioned from the date of the transfer of the Preference Shares and the original holder of such Preference Shares shall be entitled to the remainder;
- (vii) (A) the option may be exercised in accordance with sub-paragraph (iii) above in respect of all or any number of the Preference Shares to be selected in accordance with sub-paragraphs (B) and (C) below;
 - (B) if the option is exercised in respect of less than 100 per cent. of the Preference Shares the Preference Shares in respect of which the option is exercised shall be selected by the Secretary of the Company from the shareholdings of each of the Preference Shareholders in proportion to the number of Preference Shares constituting such shareholdings;
 - (C) if the exercise of the option is pursuant to the service on the Ordinary Shareholders of a Notice to Optionholders in accordance with paragraph (e) the option must be exercised in

respect of each of the Preference Shares held by the signatories to the Winding-Up Notice;

- (viii) upon any exercise of the option in manner aforesaid under paragraphs (e) or (f) there shall be deemed to be constituted a binding contract for the sale by the registered holder or holders for the time being of the Preference Shares such Preference Shares comprised in such notice upon the terms aforesaid and upon the expiration of such notice the registered holder or holders thereof shall deliver to the Ordinary Shareholder wishing to purchase the same (hereinafter called the *purchaser*) or his nominee a duly executed transfer or transfers of the said Preference Shares together with the certificate or certificates therefor and thereupon the price shall be payable to him or them;
- (ix) in the event of any shareholder, after having become bound as aforesaid, making default in transferring such Preference Shares, the Board of Directors may appoint some person to execute a transfer of such Preference Shares in the name and on behalf of such holder to the Purchaser or his nominee and such appointment and any transfer executed in pursuance thereof shall be effective and the Company may thereupon cause the name of the purchaser or his nominee as aforesaid to be entered in the register as the holder thereof and deliver to him a certificate therefor and cancel the previous certificate therefor and may receive the purchase money and hold the same in trust for such person in default but without any liability to pay or account for interest thereon. The receipt of the Company for such purchase money shall be a good discharge to the purchaser and after his or his nominee's name has been entered in the register in purported exercise of the said power the validity of the proceedings shall not be questioned by any person;
- (x) the Preference Shares in respect of which an option is exercised (the *Option Shares*) shall be purchased by the Ordinary Shareholders (or their respective nominees whether or not such Ordinary Shareholders are signatories to the Option Notice) in proportion to their holdings of Ordinary Shares provided that if any Ordinary Shareholder or his nominee shall not wish to purchase any or part of his entitlement to the Option Shares, the Option Shares representing such part of his entitlement as he or his nominee shall not wish to purchase shall be purchased by such of the Ordinary Shareholders as shall wish to purchase such Option Shares in proportion to their holdings of Ordinary Shares;
- (xi) for the purpose of Article 3(e) and (f) the right of the Ordinary Shareholders to exercise their options shall extend over any fully

paid bonus shares issued and ranking pari passu with the existing Preference Shares;

(g) Redemption

(i) the Company shall have the right, subject to the provisions of the Act, to redeem at any time the whole or any part of the Preference Shares for the time being issued and outstanding upon giving to the holders of the shares to be redeemed not less than one month's previous notice in writing;

(ii) If

(A) in the opinion of the Directors there is no reason why the Company should not redeem the Preference Shares; and

(B) the holders of the Preference shares have passed a special resolution requesting the Company to redeem the outstanding Preference Shares on or as soon as practicable after the date specified in that resolution (which shall be not earlier than 31 July 1993)

then the Company shall redeem the Preference Shares.

Not less than one month's previous notice in writing shall be given to the holders of such shares specifying the date upon which the same will be redeemed;

(iii) in the case of any partial redemption under sub-paragraph (i) above, the Company shall for the purpose of ascertaining the particular shares to be redeemed cause a drawing to be made at the Office or at such other place as the Directors may decide in the presence of a representative of the Auditors;

(iv) any notice of redemption shall specify the particular shares to be redeemed, the date fixed for redemption and the place at which the certificates for such shares are to be presented for redemption and upon such date, each of the holders of the shares concerned shall be bound to deliver to the Company at such place the certificates for such of the shares concerned as are held by him in order that the same may be cancelled. Upon such delivery the Company shall pay to such holder the amount due to him in respect of such redemption. If any certificate so delivered to the Company includes any shares not redeemable on that occasion, a fresh certificate for such shares shall be issued to the holder delivering such certificate to the Company;

- (v) there shall be paid on each Preference Share redeemed an amount per share equal to 105 per cent. of the nominal value of the share (or if a Preference Share is not fully paid up or credited as fully paid an amount equal to 105 per cent. of the sum paid up);
- (vi) as from the date fixed for redemption of any Preference Shares dividends shall cease to accrue on the shares except on any such share in respect of which, upon due presentation of the certificate relating thereto, payment of the money due at such redemption shall be refused;
- (vii) the receipt of the registered holder for the time being of any Preference Shares or in the case of joint registered holders the receipt of any of them for the monies payable on redemption of such shares shall constitute an absolute discharge to the Company in respect thereof.

VARIATION OF RIGHTS

4. Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated whether or not the Company is being wound up, either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders (but not otherwise). For these purposes the issue of any Ordinary Shares, Preference Shares or other share capital or the variation of the rights attaching to any shares of the Company shall be treated as a variation or alteration of the rights attached to the Preference Shares. All the provisions of these Articles relating to general meetings of the Company or the proceedings thereat shall, *mutatis mutandis*, apply to every such separate general meeting, except that:

- (a) the necessary quorum shall be not less than two persons holding or representing by proxy one-third in nominal amount of the issued shares of the class or, at any adjourned meeting of such holders, those members who are present in person or by proxy, whatever their holdings; and
- (b) the holders of shares of the class shall on a poll have one vote in respect of every share of the class held by them respectively.

ALLOTMENT OF SHARES

- 5.(a) Shares which are comprised in the authorised share capital with which the Company is incorporated shall be under the control of the Directors who may (subject to Section 80 of the Act and to paragraph (d) below) allot, grant options over or otherwise dispose of the same, to such persons, on such terms and in such manner as they think fit.

- (b) All shares which are not comprised in the authorised share capital with which the Company is incorporated and which the Directors propose to issue shall first be offered to the Members in proportion as nearly as may be to the number of the existing shares held by them respectively unless the Company in General Meeting shall by Special Resolution otherwise direct. The offer shall be made by notice specifying the number of shares offered, and limiting a period (not being less than fourteen days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of that period, those shares so deemed to be declined shall be offered in the proportion aforesaid to the persons who have, within the said period, accepted all the shares offered to them; such further offer shall be made in like terms in the same manner and limited by a like period as the original offer. Any shares not accepted pursuant to such offer or further offer as aforesaid or not capable of being offered as aforesaid except by way of fractions and any shares released from the provisions of this Articles by any such Special Resolution as aforesaid shall be under the control of the Directors, who may allot, grant options over or otherwise dispose of the same to such persons, on such terms, and in such manner as they think fit, provided that, in the case of shares not accepted as aforesaid, such shares shall not be disposed of on terms which are more favourable to the subscribers therefor than the terms on which they were offered to the Members. The foregoing provisions of this paragraph (b) shall have effect subject to Section 80 of the Act.
- (c) In accordance with Section 91(1) of the Act Sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the Company.
- (d) The Directors are generally and unconditionally authorised for the purposes of Section 80 of the Act, to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the authorised share capital with which the Company is incorporated at any time or times during the period of five years from the date of incorporation and the Directors may, after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time (subject to the said Section 80) be renewed, revoked or varied by Ordinary Resolution of the company in General Meeting.

SHARES

6. The lien conferred by Clause 8 in Table A shall attach also to fully paid-up shares, and the Company shall also have a first and paramount lien on all shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all

moneys presently payable by him or his estate to the Company. Clause 8 in Table A shall be modified accordingly.

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

SHARE WARRANTS TO BEARER

- 8.(a) Subject to the provisions of the Act, the Directors may, with respect to paid up shares, issue under the seal of the Company share warrants to bearer stating that the bearer is entitled to the shares specified and may provide, by coupons or otherwise, for the ascertainment of the entitlement to future dividends or any other right arising on the shares included in such warrants. All shares while represented by warrants shall be transferable by delivery of the warrants relating thereto.
- (b) The Directors may determine, and from time to time vary, the conditions upon which share warrants may be issued and in particular upon which a new share warrant or coupon will be issued in the place of one worn out, defaced or destroyed and upon which the bearer of a share warrant shall be entitled to attend and vote at general meetings provided that no new share warrant shall be issued unless the directors are satisfied beyond reasonable doubt that the original warrant has been destroyed.
- (c) Subject to the provisions of these Articles and of the Act, the bearer of a share warrant shall be deemed to be a member of the Company to the full extent and shall be subject to the conditions relevant thereto for the time being in force.

GENERAL MEETINGS AND RESOLUTIONS

- 9.(a) A notice convening a General Meeting shall be required to specify the general nature of the business to be transacted only in the case of special business and Clause 38 in Table A shall be modified accordingly.

All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also all that is transacted at an Annual General Meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and Auditors, and the appointment of, and the fixing of the remuneration of, the Auditors.

- (b) Every notice convening a General Meeting shall comply with the provisions of Section 372(3) of the Act as to giving information to Members in regard to their right to appoint proxies; and notices of and other communications relating to any General Meeting which any

Member is entitled to receive shall be sent to the Directors and to the Auditors for the time being of the Company.

- 10.(a) Clause 40 in Table A shall be read and construed as if the words "at the time when the Meeting proceeds to business" were added at the end of the first sentence.
- (b) if a quorum is not present within half an hour from the time appointed for a General Meeting the General Meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine; and if at the adjourned General Meeting a quorum is not present within half an hour from the time appointed therefor such adjourned General Meeting shall be dissolved;
- (c) Clause 41 in Table A shall not apply to the Company.

APPOINTMENT OF DIRECTORS

- 11.(a) Clause 64 in Table A shall not apply to the Company;
- (b) the maximum and minimum number respectively of the Directors may be determined from time to time by Ordinary Resolution in General Meeting of the Company. Subject to and in default of any such determination there shall be no maximum number of Directors and the minimum number of Directors shall be one. Whensoever the minimum number of the Directors shall be one, a sole Director shall have authority to exercise all the powers and discretions by Table A and by these Articles expressed to be vested in the Directors generally, and Clause 89 in Table A shall be modified accordingly;
- (c) the Directors shall not be required to retire by rotation and Clauses 73 to 80 (inclusive) in Table A shall not apply to the Company;
- (d) no person shall be appointed a director at any General Meeting unless either:-
 - (i) he is recommended by the Directors; or
 - (ii) not less than fourteen nor more than thirty-five clear days before the date appointed for the General Meeting, notice executed by a Member qualified to vote at the General Meeting has been given to the Company of the intention to propose that person for appointment, together with notice executed by that person of his willingness to be appointed;

- (e) subject to paragraph (d) above, the Company may by Ordinary Resolution in General Meeting appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director;
- (f) 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, provided that the appointment does not cause the number of Directors to exceed any number determined in accordance with paragraph (b) above as the maximum number of Directors and for the time being in force.

BORROWING POWERS

12. The Directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into shares) to Section 80 of the Act to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

ALTERNATE DIRECTORS

- 13.(a) An alternate Director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company 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, and the first sentence of Clause 66 in Table A shall be modified accordingly;
- (b) a Director, or any such other person as is mentioned in Clause 65 in Table A, may act as an alternate Director to represent more than one Director, and an alternate Director shall be entitled at any meeting of the Directors or of any committee of the Directors to one vote for every Director whom he represents in addition to his own vote (if any) as a Director, but he shall count as only one for the purpose of determining whether a quorum is present.

DISQUALIFICATION OF DIRECTORS

14. The office of a Director shall be vacated if he becomes incapable by reason of illness or injury of managing and administering his property and affairs, and Clause 81 in Table A shall be modified accordingly.

GRATUITIES AND PENSIONS

- 15.(a) The Directors may exercise the powers of the Company conferred by Clause 3(t) of the Memorandum of Association of the Company and shall

be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers;

- (b) Clause 87 in Table A shall not apply to the Company.

PROCEEDINGS OF DIRECTORS

- 16.(a) A Director may vote, at any meeting of the Directors or of any committee of the Directors, on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever, and if he shall vote on any such resolution as aforesaid his vote shall be counted; and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting;

- (b) Clauses 94 to 97 (inclusive) in Table A shall not apply to the Company.

INDEMNITY

- 17.(a) Every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 144 or Section 727 of the Act in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act;

- (b) Clause 118 in Table A shall not apply to the Company.

TRANSFER OF SHARES

18. The Directors may in their absolute discretion and without assigning any reason therefore, decline to register the Transfer of a share, whether or not it is a fully paid share, and the first sentence of Clause 24 in Table A shall not apply to the Company.

No of the Company: 226810 2376810
THE COMPANIES ACT 1985

SPECIAL AND ELECTIVE RESOLUTIONS OF

VIRGIN RETAIL GROUP LIMITED

Passed on the 18th day of April 1994

At an Extraordinary General Meeting of the members of the above-named company, duly convened and held at 120 Campden Hill Road, London W8 7AR on the 18th day of April 1994 the following resolutions were passed as Special and Elective Resolutions of the Company:

1. Special Resolution

IT WAS RESOLVED THAT the draft regulations produced to the members and initialed by the Chairman for the purposes of identification be adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles of Association of the Company.

2. Elective Resolutions

IT WAS RESOLVED THAT in accordance with Section 379A of The Companies Act 1985 ("the Act") the Company hereby elects pursuant to Section 252 of the Act, to dispense with the laying of Accounts and Reports before the Company in General Meeting.

IT WAS RESOLVED THAT in accordance with Section 379A of The Companies Act 1985 ("the Act") the Company elects pursuant to Section 366A of the Act, to dispense with the holding of Annual General Meetings.

IT WAS RESOLVED THAT in accordance with Section 379A of The Companies Act 1985 ("the Act") the Company hereby elects pursuant to Section 386 of the Act, to dispense with the obligation to appoint auditors annually.

Janice Cook
Secretary

THE COMPANIES ACT 1985
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
of
VIRGIN RETAIL GROUP LIMITED

Company Number 2376810

FRESHFIELDS



10

THE COMPANIES ACT 1985
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
of
VIRGIN RETAIL GROUP LIMITED

(as at 18 April 1994)

PRELIMINARY

- 1.(a) The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (such Table being hereinafter called *Table A*) shall apply to the Company save insofar as they are excluded or varied hereby and such Regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company.
- (b) In these Articles the *Act* means the Companies Act 1985, but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

SHARE CAPITAL

2. The share capital of the Company is £8,100,000 and US\$ 4,616.07 divided into 8,000,000 cumulative redeemable preference shares of £1 each (the *Preference Shares*), 1,000,000 "A" Ordinary Shares of 10 pence each (the "*A*" *Ordinary Shares*) and 461,607 Ordinary Shares of US\$ 0.01 each (the *Ordinary Shares*). In these Articles, reference to *shares* shall mean the Preference Shares, the "A" Ordinary Shares and the Ordinary Shares except where the context precludes such interpretation.
3. The shares shall confer upon a holder of such shares the following respective rights and privileges and are subject to the following conditions and restrictions:

(a) Dividends

The net profit in respect of each financial year of the Company which by law is available for distribution by the Company shall be applied in payment of dividends to members of the Company in the following manner and order of priority, subject, in the case of dividends payable on Ordinary Shares, to the prior approval of a general meeting of the Ordinary Shareholders;

(i) Firstly, the Preference Shares shall be entitled to a dividend equal to one-third of the profits by law available for distribution, provided that if such dividend shall exceed 9.375 per cent. of the amounts for the time being paid up or credited as paid up on the Preference Shares, the dividend shall be limited to 9.375 per cent., to become payable and to be paid on the 15 December in each year, the first such payment being on 15 December 1990. The right to dividends shall be cumulative, with the result that if by reason of insufficiency of profits a dividend is not paid, or not paid in full, on 15 December 1990 or in any subsequent year, the shares shall carry the entitlement to be paid that dividend or the amount thereof unpaid in that year on a subsequent date;

(ii) Secondly, and subject to the dividend referred to in sub-paragraph (i) above having been declared and paid in full in respect of the financial year in question, the holders of the Ordinary Shares and the Preference Shares shall be entitled to a dividend or dividends of such amount if any as the Board of Directors shall recommend to be paid in the following proportions:

(A) as to 99 per cent. of such amount in respect of the Ordinary Shares, to be paid in proportion to the amounts paid up or credited as paid up thereon;

(B) as to 1 per cent. of such amount in respect of the Preference Shares.

The "A" Ordinary Shares shall carry no rights to dividends.

(b) Capital

On a return of assets, whether on a dissolution, winding-up or otherwise, the assets of the Company available for distribution amongst the holders of the shares shall be applied as follows:

(i) Firstly, an amount per share equal to 105 per cent. of the nominal value of the share (or if a Preference Share is not fully paid up or credited as fully paid an amount equal to 105 per cent. of the sum

paid up) together with interest of 9.375 per cent. per annum on that amount from the date of the resolution or court order for dissolution or winding-up until the amount is paid to the holders of the Preference Shares;

(ii) Secondly, subject to Article 3(b)(iii) below, in paying over the balance, if any, of such assets to the holders of the Ordinary Shares in proportion to the amounts paid up or credited as paid on the number of such shares held by them respectively;

(iii) Thirdly, in the event that every holder of Ordinary Shares has received at least £1 million per share pursuant to Article 3(b)(ii) above, in paying to the holders of the "A" Ordinary Shares in proportion to the amounts paid up or credited as paid up on their respective holdings of such shares, the nominal value of such shares;

(c) Except as provided in paragraphs (a) and (b) of this Article, the Preference Shares shall not carry any other right to participate in profits or assets.

(d) Voting Rights

(i) the Preference Shares shall confer on the holders the right to receive notice of all general meetings of the Company whether or not the holders are entitled to vote at such general meetings;

(ii) the Preference Shares shall not confer on the holders the right to attend and vote at a general meeting of the Company unless a resolution is to be proposed at a general meeting which amounts to a variation or alteration of rights attached to the Preference Shares under Article 4, in which event the Preference Shares shall confer on the holders thereof the right to attend and vote at that general meeting save that such holders may not vote upon any business dealt with at such general meeting other than:

(A) the election of a Chairman; and

(B) any motion for an adjournment; and

(C) any resolution which amounts to a variation or alteration of rights attached to the Preference Shares under Article 4;

(iii) the "A" Ordinary Shares shall carry no voting rights and shall not entitle the holders thereof to receive notice of, attend or speak at any general meeting of the Company;

(e) Right of the Preference Shareholders to put the Company into Liquidation

- (i) the holders for the time being of the Preference Shares shall be entitled to procure the winding up of the Company at any time on the passing of a special resolution in the manner set out in sub-paragraphs (ii) to (iv) below;
- (ii) the holders for the time being of three quarters of the Preference Shares may by notice (the *Winding Up Notice*) served on the Directors of the Company require the Directors to serve a notice (the *Notice to Optionholders*) forthwith on the Ordinary Shareholders containing the information prescribed by sub-paragraph (iii) below;
- (iii) the Notice to Optionholders shall state that the holders of three quarters of the Preference Shares propose to procure that the Company be wound up and that the holders of the majority of the Ordinary Shares may by the service of an Option Notice and the subsequent exercise of their option purchase the Preference Shares held by the signatories to the Winding Up Notice in the manner set out in paragraph 6 within the period of one month from the date of the Notice to Optionholders but that if the majority of Ordinary Shareholders have not served an Option Notice (as defined in paragraph (f)(i)) within such period the Directors will convene an extraordinary general meeting of the Preference Shareholders in accordance with the provisions of sub-paragraph (iv) below;
- (iv) if a majority of Ordinary Shareholders have not served an Option Notice within such one month period, the Directors shall within 2 weeks of the expiry of such period serve on the Ordinary Shareholders and the Preference Shareholders a notice convening an extraordinary general meeting of the Preference Shareholders to consider and, if thought fit, to pass a special resolution that the Company be wound up. The Ordinary Shareholders will not be entitled to attend and vote at such meeting convened in accordance with this paragraph (e);

(f) Options Over Preference Shares

Every Preference Share shall be held subject to an option to purchase the same at the price and upon the terms hereinafter specified:

- (i) such option shall be exercisable in accordance with sub-paragraph (iii) below by not less than one month's notice in writing (the *Option Notice*) signed by the holder or holders for the

time being of the majority of the Ordinary Shares in issue at the date of the notice addressed to the Secretary of the Company at the Office of the Company and specifying the number of Preference Shares in respect of which the option is being exercised;

- (ii) the fact of such notice shall be forthwith communicated by the Secretary to the registered holder or holders for the time being of the Preference Shares and to such of the registered holders of Ordinary Shares as are not signatories to the Option Notice;
- (iii) the option shall be exercisable within one month of the date of the Option Notice;
- (iv) the price at which the Preference Shares shall be sold in pursuance of an exercise of such option under sub-paragraph (i) shall be the amount per share equal to 105 per cent. of the nominal value of the Preference Shares (or if a Preference Share is not fully paid up or credited as fully paid up an amount equal to 105 per cent. of the sum paid up);
- (v) the Preference Shares to be sold in pursuance of an exercise of such option under sub-paragraph (i) above shall subject to sub-paragraph (vi) below be free from any encumbrance;
- (vi) an Ordinary Shareholder who purchased a Preference Share pursuant to the exercise of an option under paragraphs (e) and (f) hereof shall be entitled to any dividend declared by the Company as apportioned from the date of the transfer of the Preference Shares and the original holder of such Preference Shares shall be entitled to the remainder;
- (vii) (A) the option may be exercised in accordance with sub-paragraph (iii) above in respect of all or any number of the Preference Shares to be selected in accordance with sub-paragraphs (B) and (C) below;
 - (B) if the option is exercised in respect of less than 100 per cent. of the Preference Shares the Preference Shares in respect of which the option is exercised shall be selected by the Secretary of the Company from the shareholdings of each of the Preference Shareholders in proportion to the number of Preference Shares constituting such shareholdings;
 - (C) if the exercise of the option is pursuant to the service on the Ordinary Shareholders of a Notice to Optionholders in accordance with paragraph (e) the option must be exercised in

respect of each of the Preference Shares held by the signatories to the Winding-Up Notice;

- (viii) upon any exercise of the option in manner aforesaid under paragraphs (e) or (f) there shall be deemed to be constituted a binding contract for the sale by the registered holder or holders for the time being of the Preference Shares such Preference Shares comprised in such notice upon the terms aforesaid and upon the expiration of such notice the registered holder or holders thereof shall deliver to the Ordinary Shareholder wishing to purchase the same (hereinafter called the *purchaser*) or his nominee a duly executed transfer or transfers of the said Preference Shares together with the certificate or certificates therefor and thereupon the price shall be payable to him or them;
- (ix) in the event of any shareholder, after having become bound as aforesaid, making default in transferring such Preference Shares, the Board of Directors may appoint some person to execute a transfer of such Preference Shares in the name and on behalf of such holder to the Purchaser or his nominee and such appointment and any transfer executed in pursuance thereof shall be effective and the Company may thereupon cause the name of the purchaser or his nominee as aforesaid to be entered in the register as the holder thereof and deliver to him a certificate therefor and cancel the previous certificate therefor and may receive the purchase money and hold the same in trust for such person in default but without any liability to pay or account for interest thereon. The receipt of the Company for such purchase money shall be a good discharge to the purchaser and after his or his nominee's name has been entered in the register in purported exercise of the said power the validity of the proceedings shall not be questioned by any person;
- (x) the Preference Shares in respect of which an option is exercised (the *Option Shares*) shall be purchased by the Ordinary Shareholders (or their respective nominees whether or not such Ordinary Shareholders are signatories to the Option Notice) in proportion to their holdings of Ordinary Shares provided that if any Ordinary Shareholder or his nominee shall not wish to purchase any or part of his entitlement to the Option Shares, the Option Shares representing such part of his entitlement as he or his nominee shall not wish to purchase shall be purchased by such of the Ordinary Shareholders as shall wish to purchase such Option Shares in proportion to their holdings of Ordinary Shares;
- (xi) for the purpose of Article 3(e) and (f) the right of the Ordinary Shareholders to exercise their options shall extend over any fully

paid bonus shares issued and ranking *pari passu* with the existing Preference Shares;

(g) Redemption

(i) the Company shall have the right, subject to the provisions of the Act, to redeem at any time the whole or any part of the Preference Shares for the time being issued and outstanding upon giving to the holders of the shares to be redeemed not less than one month's previous notice in writing;

(ii) If

(A) in the opinion of the Directors there is no reason why the Company should not redeem the Preference Shares; and

(B) the holders of the Preference shares have passed a special resolution requesting the Company to redeem the outstanding Preference Shares on or as soon as practicable after the date specified in that resolution (which shall be not earlier than 31 July 1993)

then the Company shall redeem the Preference Shares.

Not less than one month's previous notice in writing shall be given to the holders of such shares specifying the date upon which the same will be redeemed;

(iii) in the case of any partial redemption under sub-paragraph (i) above, the Company shall for the purpose of ascertaining the particular shares to be redeemed cause a drawing to be made at the Office or at such other place as the Directors may decide in the presence of a representative of the Auditors;

(iv) any notice of redemption shall specify the particular shares to be redeemed, the date fixed for redemption and the place at which the certificates for such shares are to be presented for redemption and upon such date, each of the holders of the shares concerned shall be bound to deliver to the Company at such place the certificates for such of the shares concerned as are held by him in order that the same may be cancelled. Upon such delivery the Company shall pay to such holder the amount due to him in respect of such redemption. If any certificate so delivered to the Company includes any shares not redeemable on that occasion, a fresh certificate for such shares shall be issued to the holder delivering such certificate to the Company;

- (v) there shall be paid on each Preference Share redeemed an amount per share equal to 105 per cent. of the nominal value of the share (or if a Preference Share is not fully paid up or credited as fully paid an amount equal to 105 per cent. of the sum paid up);
- (vi) as from the date fixed for redemption of any Preference Shares dividends shall cease to accrue on the shares except on any such share in respect of which, upon due presentation of the certificate relating thereto, payment of the money due at such redemption shall be refused;
- (vii) the receipt of the registered holder for the time being of any Preference Shares or in the case of joint registered holders the receipt of any of them for the monies payable on redemption of such shares shall constitute an absolute discharge to the Company in respect thereof.

VARIATION OF RIGHTS

4. Whenever the capital of the Company is divided into difference classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated whether or not the Company is being wound up, either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders (but not otherwise). For these purposes the issue of any Ordinary Shares, Preference Shares or other share capital or the variation of the rights attaching to any shares of the Company shall be treated as a variation or alteration of the rights attached to the Preference Shares. All the provisions of these Articles relating to general meetings of the Company or the proceedings thereat shall, mutatis mutandis, apply to every such separate general meeting, except that:

- (a) the necessary quorum shall be not less than two persons holding or representing by proxy one-third in nominal amount of the issued shares of the class or, at any adjourned meeting of such holders, those members who are present in person or by proxy, whatever their holdings; and
- (b) the holders of shares of the class shall on a poll have one vote in respect of every share of the class held by them respectively.

ALLOTMENT OF SHARES

- 5.(a) Shares which are comprised in the authorised share capital with which the Company is incorporated shall be under the control of the Directors who may (subject to Section 80 of the Act and to paragraph (d) below) allot, grant options over or otherwise dispose of the same, to such persons, on such terms and in such manner as they think fit.

- (b) All shares which are not comprised in the authorised share capital with which the Company is incorporated and which the Directors propose to issue shall first be offered to the Members in proportion as nearly as may be to the number of the existing shares held by them respectively unless the Company in General Meeting shall by Special Resolution otherwise direct. The offer shall be made by notice specifying the number of shares offered, and limiting a period (not being less than fourteen days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of that period, those shares so deemed to be declined shall be offered in the proportion aforesaid to the persons who have, within the said period, accepted all the shares offered to them; such further offer shall be made in like terms in the same manner and limited by a like period as the original offer. Any shares not accepted pursuant to such offer or further offer as aforesaid or not capable of being offered as aforesaid except by way of fractions and any shares released from the provisions of this Articles by any such Special Resolution as aforesaid shall be under the control of the Directors, who may allot, grant options over or otherwise dispose of the same to such persons, on such terms, and in such manner as they think fit, provided that, in the case of shares not accepted as aforesaid, such shares shall not be disposed of on terms which are more favourable to the subscribers therefor than the terms on which they were offered to the Members. The foregoing provisions of this paragraph (b) shall have effect subject to Section 80 of the Act.
- (c) In accordance with Section 91(1) of the Act Sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the Company.
- (d) The Directors are generally and unconditionally authorised for the purposes of Section 80 of the Act, to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the authorised share capital with which the Company is incorporated at any time or times during the period of five years from the date of incorporation and the Directors may, after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time (subject to the said Section 80) be renewed, revoked or varied by Ordinary Resolution of the company in General Meeting.

SHARES

6. The lien conferred by Clause 8 in Table A shall attach also to fully paid-up shares, and the Company shall also have a first and paramount lien on all shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all

moneys presently payable by him or his estate to the Company. Clause 8 in Table A shall be modified accordingly.

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

SHARE WARRANTS TO BEARER

- 8.(a) Subject to the provisions of the Act, the Directors may, with respect to paid up shares, issue under the seal of the Company share warrants to bearer stating that the bearer is entitled to the shares specified and may provide, by coupons or otherwise, for the ascertainment of the entitlement to future dividends or any other right arising on the shares included in such warrants. All shares while represented by warrants shall be transferable by delivery of the warrants relating thereto.
- (b) The Directors may determine, and from time to time vary, the conditions upon which share warrants may be issued and in particular upon which a new share warrant or coupon will be issued in the place of one worn out, defaced or destroyed and upon which the bearer of a share warrant shall be entitled to attend and vote at general meetings provided that no new share warrant shall be issued unless the directors are satisfied beyond reasonable doubt that the original warrant has been destroyed.
- (c) Subject to the provisions of these Articles and of the Act, the bearer of a share warrant shall be deemed to be a member of the Company to the full extent and shall be subject to the conditions relevant thereto for the time being in force.

GENERAL MEETINGS AND RESOLUTIONS

- 9.(a) A notice convening a General Meeting shall be required to specify the general nature of the business to be transacted only in the case of special business and Clause 38 in Table A shall be modified accordingly.

All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also all that is transacted at an Annual General Meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and Auditors, and the appointment of, and the fixing of the remuneration of, the Auditors.

- (b) Every notice convening a General Meeting shall comply with the provisions of Section 372(3) of the Act as to giving information to Members in regard to their right to appoint proxies; and notices of and other communications relating to any General Meeting which any

Member is entitled to receive shall be sent to the Directors and to the Auditors for the time being of the Company.

- 10.(a) Clause 40 in Table A shall be read and construed as if the words "at the time when the Meeting proceeds to business" were added at the end of the first sentence.
- (b) if a quorum is not present within half an hour from the time appointed for a General Meeting the General Meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine; and if at the adjourned General Meeting a quorum is not present within half an hour from the time appointed therefor such adjourned General Meeting shall be dissolved;
- (c) Clause 41 in Table A shall not apply to the Company.

APPOINTMENT OF DIRECTORS

- 11.(a) Clause 64 in Table A shall not apply to the Company;
- (b) the maximum and minimum number respectively of the Directors may be determined from time to time by Ordinary Resolution in General Meeting of the Company. Subject to and in default of any such determination there shall be no maximum number of Directors and the minimum number of Directors shall be one. Whensoever the minimum number of the Directors shall be one, a sole Director shall have authority to exercise all the powers and discretions by Table A and by these Articles expressed to be vested in the Directors generally, and Clause 89 in Table A shall be modified accordingly;
- (c) the Directors shall not be required to retire by rotation and Clauses 73 to 80 (inclusive) in Table A shall not apply to the Company;
- (d) no person shall be appointed a director at any General Meeting unless either:-
- (i) he is recommended by the Directors; or
 - (ii) not less than fourteen nor more than thirty-five clear days before the date appointed for the General Meeting, notice executed by a Member qualified to vote at the General Meeting has been given to the Company of the intention to propose that person for appointment, together with notice executed by that person of his willingness to be appointed;

- (e) subject to paragraph (d) above, the Company may by Ordinary Resolution in General Meeting appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director;
- (f) 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, provided that the appointment does not cause the number of Directors to exceed any number determined in accordance with paragraph (b) above as the maximum number of Directors and for the time being in force.

BORROWING POWERS

12. The Directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into shares) to Section 80 of the Act to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

ALTERNATE DIRECTORS

- 13.(a) An alternate Director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company 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, and the first sentence of Clause 66 in Table A shall be modified accordingly;
- (b) a Director, or any such other person as is mentioned in Clause 65 in Table A, may act as an alternate Director to represent more than one Director, and an alternate Director shall be entitled at any meeting of the Directors or of any committee of the Directors to one vote for every Director whom he represents in addition to his own vote (if any) as a Director, but he shall count as only one for the purpose of determining whether a quorum is present.

DISQUALIFICATION OF DIRECTORS

14. The office of a Director shall be vacated if he becomes incapable by reason of illness or injury of managing and administering his property and affairs, and Clause 81 in Table A shall be modified accordingly.

GRATUITIES AND PENSIONS

- 15.(a) The Directors may exercise the powers of the Company conferred by Clause 3(e) of the Memorandum of Association of the Company and shall

be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers;

- (b) Clause 87 in Table A shall not apply to the Company.

PROCEEDINGS OF DIRECTORS

- 16.(a) A Director may vote, at any meeting of the Directors or of any committee of the Directors, on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever, and if he shall vote on any such resolution as aforesaid his vote shall be counted; and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting;
- (b) Clauses 94 to 97 (inclusive) in Table A shall not apply to the Company.
- (c) Without prejudice to the first sentence of Article 88 of Table A, a meeting of the board or of a committee of the board may consist of a conference between directors who are not all in one place, but of whom each is able (directly or by telephonic 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.

INDEMNITY

- 17.(a) Every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 144 or Section 727 of the Act in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act;
- (b) Clause 118 in Table A shall not apply to the Company.

TRANSFER OF SHARES

18. The Directors may in their absolute discretion and without assigning any reason therefore, decline to register the Transfer of a share, whether or not it is a fully paid share, and the first sentence of Clause 24 in Table A shall not apply to the Company.