

Company No. 3124442

We hereby certify this to be a
true copy of the original
Signed *Clifford Chance*
200 Abchurch Lane,
London EC4A 3DF

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTION

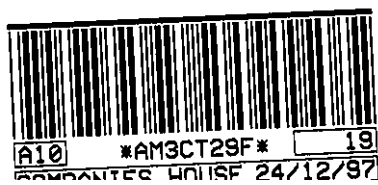
of

FLYING COLOURS LEISURE GROUP LIMITED

At an extraordinary general meeting of the Company held at 81 Farringdon Street, London EC4A 4BL on 11 December 1997 the following resolution was passed as a special resolution:

THAT:

- (a) each existing Convertible Participating "A" Preferred Ordinary Share of 1p each, Ordinary Share of 1p each (including all authorised but unissued Ordinary Shares of 1p each) and each Convertible Participating Preferred Ordinary Share of 1p each in the capital of the Company will convert into Deferred Shares of 1p each in the capital of the Company having attached thereto the rights specified in the New Articles of Association of the Company to be adopted pursuant to sub-paragraph (f) of this resolution.
- (b) each existing Cumulative Redeemable "B" Preference Share of 10p each in the capital of the Company be and is hereby converted into 10 Deferred Shares of 1p each having attached thereto the rights specified in the New Articles of Association of the Company to be adopted pursuant to sub-paragraph (f) of this resolution.
- (c) the rights attaching to 6,371,429 existing issued Cumulative Redeemable "A" Preference Shares of 10p each in the capital of the Company and to 4,945,499 existing issued Cumulative Redeemable "C" Preference Shares of 10p each in the capital of the Company be and are hereby varied so that the rights attaching to such shares shall be as specified in the New Articles of Association of the Company to be adopted pursuant to sub paragraph (f) of this resolution.
- (d) 1,744,775 of the existing issued Cumulative Redeemable "A" Preference Shares of 10p each in the capital of the Company be and are hereby converted into 17,447,750 Deferred Shares



of 1p each having attached thereto the rights specified in the New Articles of Association of the Company to be adopted pursuant to sub-paragraph (f) of its resolution.

- (e) 4,000,000 existing issued Cumulative Redeemable "A" Preference Shares of 10p each in the capital of the Company be and are hereby converted into Cumulative Redeemable "AA" Preference Shares of 10p each having attached thereto the rights specified in the New Articles of Association of the Company to be adopted pursuant to sub-paragraph (f) of this Resolution;
- (f) the regulations contained in the printed document submitted to the Meeting marked "A" and for the purpose of identification signed by the Chairman thereof be and the same are hereby approved and adopted as the New Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles of Association thereof.

- (g) the authorised share capital of the Company be and is hereby increased from £7,886,838.95 to £8,912,757.83 by the creation of:

- (i) 79,357,648 Deferred Shares of 1p each;
- (ii) 2,206,424 Cumulative Redeemable "C" Preference Shares of 10p each;
- (iii) 170,000 Redeemable "D" Preference Shares of 1p each;
- (iv) 10,000 New Ordinary Shares of 1p each;

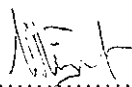
each having attached thereto the rights specified in the Articles of Association of the Company adopted pursuant to sub-paragraph (f) of this resolution;

- (h) the Directors be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £1,025,918.88 comprising up to £220,642.40 in nominal value of Cumulative Redeemable "C" Preference Shares, £1,700.00 in nominal value of Redeemable "D" Preference Shares, £793,576.48 in nominal value of Deferred Shares and £10,000.00 in nominal value of New Ordinary Shares for a period of 5 years from the date of passing this Resolution but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry;

- (i) the Directors be and they are hereby empowered to allot equity securities pursuant to the authority given in accordance with sub-paragraph 1(h) of this Resolution as if section 89(1) of the Act did not apply to such allotment and as if any restriction on allotments contained in the existing Articles of Association or in the new Articles of Association of the Company to be adopted pursuant to sub-paragraph (f) of this Resolution did not apply to any such allotment, for a period of 5 years from the date of the passing of this Resolution;

- (j) all previous authorities given by the Company in General Meeting pursuant to section 80 of the Act be and they are hereby revoked Provided that such revocation shall not have retrospective effect;

- (k) words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings in this Resolution;



Chairman

Adopted a new
copy.
A. Stewart
Secretary.

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

(Adopted by Special Resolution passed on 11 December 1997)

- of -

FLYING COLOURS LEISURE GROUP LIMITED

INTRODUCTION

- 1.1 The Regulations contained or incorporated 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 ("Table A") shall apply to the Company, save insofar as they are varied or excluded by, or are inconsistent with, the following Articles.
- 1.2 In the last paragraph of Regulation 1 of Table A, the words "and in Articles of Association adopting the same" shall be inserted after the word "regulations" in the first line, the words from "but excluding" to "company" shall be deleted and the sentence "Any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force" shall be inserted at the end of that paragraph.

- 1.3 Regulations 8, 24, 54, 62, 73 to 77 (inclusive) 80, 82, 94 to 98 (inclusive) and 118 of Table A shall not apply to the Company.

DEFINITIONS

In these Articles the following words and expressions shall have the following meanings:-

"the 'AA' Preference Shareholders"	the holders for the time being of the issued 'AA' Preference Shares.
"the 'A' Preference Shareholders"	the holders for the time being of the issued 'A' Preference Shares.
"Business Sale"	any sale, lease, exchange or other transfer or disposal of all or substantially all of the goodwill, assets, undertaking or business of the Company or any member of the Group (whether or not in the ordinary course of business and whether by one transaction or a series of transactions).
"the 'C' Preference Shareholders"	the holders for the time being of the issued 'C' Preference Shares.
"the Deferred Shareholders"	the holders for the time being of the issued Deferred Shares.
"the 'D' Preference Shareholders"	the holders for the time being of the issued 'D' Preference Shares.
"Employee Benefit Trust"	the employee benefit trust of the Company which has been established on the terms of the deed and call option agreement each

entered into on 13 September 1996 by the Company and Flying Colours Trustees Limited.

"the Group"

the Company and its subsidiary undertakings.

"the Institutional Affiliates"

persons to whom Institutions are entitled to transfer Shares in the Company in accordance with Articles 9.1.1 and 9.1.2 of these Articles.

"the Institutional Investors"

holders of shares in the Company who at any relevant time are Institutions and Institutional Affiliates.

"Institutions"

Investment Managers, Investment Funds, nominees of Investment Managers, nominees of Investment Funds, and other financial institutions.

"Investment Fund"

a fund, partnership, company, syndicate or other entity whose principal purpose is to make investments and whose business is managed by an Investment Manager.

"Investment Manager"

a person whose principal business is to make, manage or advise upon investments.

"the Lead Investor"

an Institutional Investor appointed by the Majority of the Institutional Investors to give consents, approvals and directions on behalf of all the Institutional Investors.

"the Loan Stock"	the £6,991,500 ten per cent unsecured subordinated loan stock 2000 of the Company constituted under the Loan Stock Instrument.
"the Loan Stock Instrument"	the loan stock instrument executed by the Company on 12 December 1997 and any document supplemental to it.
"the Majority of the 'AA' Preference Shareholders"	the persons who from time to time beneficially own $66 \frac{2}{3}$ per cent or more in nominal value of the 'AA' Preference Shares in issue at the relevant date.
"the Majority of the Institutional Investors"	the Institutional Investors who at any relevant time beneficially own shares in the Company which together carry the right to 75 per cent or more of the votes which may be cast at general meetings of the Company in accordance with the Article 4.9.1 other than Article 4.9.1.1 or Article 4.9.1.2
"the New Ordinary Shareholders"	the holders for the time being of the issued New Ordinary Shares.
"the Paid Up Amount"	in respect of any share, the amount paid or credited as paid up on that share, including sums paid, or credited as paid, by way of premium.
"Quotation"	the effective admission of any part of the share capital of the Company to any recognised stock exchange.

"Realisation"

any of the following events:-

- (a) the obtaining of a Quotation; or
- (b) the entering into of an agreement or agreements for a Share Sale where such agreement or agreements either is or are unconditional in all respects or which (if originally conditional in any respect) has or have become unconditional in all respects; or
- (c) the entering into of an agreement or agreements for a Business Sale where such agreements or agreements either is or are unconditional in all respects or which (if originally conditional in any respect) has or have become unconditional in all respects.

"Realisation Date"

the date on which a Realisation occurs.

"the Remuneration Committee"

the remuneration committee of the Board of Directors of the Company as from time to time constituted.

"Share Sale"

the sale for cash, shares or any other consideration by one or more members of the Company holding between them shares in the Company which carry the right to in excess of 75 per cent of the votes which may be cast at general meetings of the Company in accordance with Article 4.9, of the legal or beneficial interest in their entire holdings of New Ordinary Shares to a person with whom none of them is connected, as defined

in Section 288 Income and Corporation Taxes Act 1988.

"subsidiary", "subsidiary undertaking" shall have the meanings ascribed thereto in and "holding company" Section 736 of the Act.

SHARE CAPITAL

- 3.1 The share capital of the Company at the date of adoption of these Articles is £8,912,757.83 divided into:
 - 3.1.1 4,000,000 Cumulative Redeemable 'AA' Preference Shares of 10p each ("the 'AA' Preference Shares");
 - 3.1.2 6,371,429 Redeemable 'A' Preference Shares of 10p each ("the 'A' Preference Shares");
 - 3.1.3 7,151,923 Redeemable 'C' Preference Shares of 10p each ("the 'C' Preference Shares");
 - 3.1.4 170,000 Redeemable 'D' Preference Shares of 1p each ("the 'D' Preference Shares");
 - 3.1.5 10,000 New Ordinary Shares of £1 each ("the New Ordinary Shares"); and
 - 3.1.6 714,872,263 Deferred Shares of 1p each ("the Deferred Shares").
- 3.2 In these Articles, unless the context requires otherwise, references to 'AA' Preference Shares, 'A' Preference Shares, 'C' Preference Shares, 'D' Preference Shares, New Ordinary Shares and Deferred Shares shall include shares of those respective classes created and/or issued after the date of adoption of these Articles and ranking pari passu in all respects with the shares of the relevant class then in issue.
4. The 'AA' Preference Shares, 'A' Preference Shares, 'C' Preference Shares, 'D' Preference Shares, New Ordinary Shares and Deferred Shares shall have, and be subject to, the following rights and restrictions:-

4.1 INCOME

4.1.1 The 'AA' Preference Shareholders, the 'A' Preference Shareholders, the 'C' Preference Shareholders, the 'D' Preference Shareholders and the Deferred Shareholders shall not be entitled to a dividend in respect of any 'AA' Preference Shares, 'A' Preference Shares, 'C' Preference Shares, 'D' Preference Shares or Deferred Shares held in any circumstances at any time.

4.1.2 No dividend shall be paid on the New Ordinary Shares while there are any 'AA' Preference Shares, 'A' Preference Shares, 'C' Preference Shares or 'D' Preference Shares in issue.

4.2 CAPITAL

On a return of capital on liquidation or otherwise, the surplus assets of the Company remaining after payment of its liabilities shall be applied:-

4.2.1 First, in repaying to the 'AA' Preference Shareholders up to £4,000,000 representing the Paid Up Amount on each 'AA' Preference Share held.

4.2.2 Second, in repaying to the 'A' Preference Shareholders, the 'C' Preference Shareholders and the 'D' Preference Shareholders up to £14,000,000 of the surplus assets remaining after the payments in Article 4.2.1, apportioned as to 27.143 per cent to the 'A' Preference Shareholders (up to £3,800,000 in aggregate) ("the First 'A' Surplus"), 67.859 per cent to the 'C' Preference Shareholders (up to £9,500,000 in aggregate inclusive of any premium) ("the First 'C' Surplus") and 5 per cent to the 'D' Preference Shareholders (up to £700,000 in aggregate inclusive of any premium) ("the First 'D' Surplus") applied as follows:-

4.2.2.1 the First 'A' Surplus shall be applied in repaying to the 'A' Preference Shareholders the Paid Up Amount on the relevant number of 'A' Preference Shares held; and

4.2.2.2 the First 'C' Surplus shall be applied in repaying to the 'C' Preference Shareholders the Paid Up Amount on the relevant number of 'C' Preference Shares held, together with a premium on the Paid Up Amount equal to £1.2272 on each such 'C' Preference Share; and

4.2.2.3 the First 'D' Surplus shall be applied in repaying to the 'D' Preference Shareholders the nominal amount on the relevant number of 'D' Preference Shares held, together with a premium on the nominal amount equal to £9.99 on each such 'D' Preference Share,

Provided That no repayments shall be made pursuant to this Article 4.2.2 unless such repayments shall be made at the same time to the 'A' Preference Shareholders and the 'C' Preference Shareholders and the 'D' Preference Shareholders in the proportions set out in this Article 4.2.2.

4.2.3 Third, in repaying to the 'A' Preference Shareholders, the 'C' Preference Shareholders and the 'D' Preference Shareholders up to £10,000,000 of the surplus assets remaining after the payments in Articles 4.2.1 and 4.2.2, apportioned as to 25.714 per cent to the 'A' Preference Shareholders (up to £2,571,429 in aggregate) ("the Second 'A' Surplus"), 64.286 per cent to the 'C' Preference Shareholders (up to £6,428,571 in aggregate inclusive of any premium) ("the Second 'C' Surplus") and 10 per cent to the 'D' Preference Shareholders (up to £1,000,000 in aggregate inclusive of any premium) ("the Second 'D' Surplus"), and applied as follows:-

4.2.3.1 the Second 'A' Surplus shall be applied in repaying to the 'A' Preference Shareholders the Paid Up Amount on the relevant number of 'A' Preference Shares held; and

4.2.3.2 the Second 'C' Surplus shall be applied in repaying to the 'C' Preference Shareholders the Paid Up Amount on the relevant number of 'C' Preference Shares held, together with a premium on

the Paid Up Amount equal to £1.2272 on each such 'C' Preference Share; and

- 4.2.3.3 the Second 'D' Surplus shall be applied in repaying to the 'D' Preference Shareholders, the nominal amount on the relevant number of 'D' Preference Shares held, together with a premium on the nominal amount equal to £9.99 on each such 'D' Preference Share,

Provided That no repayments shall be made pursuant to this Article 4.2.3 unless such repayments are made at the same time to the 'A' Preference Shareholders and the 'C' Preference Shareholders and the 'D' Preference Shareholders in the proportions set out in this Article 4.2.3.

- 4.2.4 Fourth, in repaying to the New Ordinary Shareholders the Paid Up Amount on each New Ordinary Share held.

- 4.2.5 Fifth, in distributing any balance as follows:-

- 4.2.5.1 first, in distributing up to £1,500 million amongst the New Ordinary Shareholders according to the nominal amounts on the New Ordinary Shares held by them respectively; and
- 4.2.5.2 second, in distributing any remaining balance amongst the Deferred Shareholders pro rata according to the Paid Up Amounts on the Deferred Shares held by them respectively.

4.3 NO REDEMPTION OF NEW ORDINARY SHARES OR DEFERRED SHARES

The New Ordinary Shares and the Deferred Shares shall not be redeemable in any circumstances at any time.

4.4 REDEMPTION OF 'AA' PREFERENCE SHARES

- 4.4.1 The Company shall, subject to:

- 4.4.1.1 the provisions of the Act; and

4.4.1.2 all amounts of principal, interest and other monies payable on the Loan Stock having been paid and/or repaid by the Company in full,

redeem all the 'AA' Preference Shares for the time being in issue on the earlier of:

4.4.1.3 30 June 2015; and

4.4.1.4 a Realisation Date,

and the Company shall not be entitled to redeem any of the 'AA' Preference Shares on any other date.

4.4.2 If the Company shall be unable, in compliance with Article 4.4.1.1 and/or Article 4.4.1.2, to redeem all or any of the 'AA' Preference Shares falling due for redemption on the due date for redemption thereof, then the Company shall redeem such 'AA' Preference Shares as soon after such date as the Company shall be able to do so in compliance with the said Articles.

4.4.3 In the case of any partial redemption of the 'AA' Preference Shares under this Article 4.4, the Company shall redeem a proportion of each 'AA' Preference Shareholder's holding of 'AA' Preference Shares falling due for redemption corresponding to the proportion which the number of 'AA' Preference Shares falling due for redemption bears to the number of 'AA' Preference Shares issued and outstanding immediately prior to the date of the proposed redemption without involving the redemption of fractions of 'AA' Preference Shares by the rounding down of any fraction.

4.4.4 On any date for redemption of the 'AA' Preference Shares each of the holders of the shares concerned shall deliver to the Company at the Company's registered office the certificates for such of the shares concerned as are held by him in order that they may be cancelled. Upon such delivery, the Company shall pay to such holder the full amount due to him in respect of such redemption PROVIDED THAT if any 'AA' Preference Shareholder fails to deliver such certificates, the Company shall nevertheless be entitled to redeem (and to treat as redeemed for all purposes) the 'AA' Preference Shares to which such certificates relate upon payment to such holder of the

full amount due to him in respect of the redemption of such 'AA' Preference Shares. If any certificate delivered to the Company includes any 'AA' Preference Shares which are not to be redeemed on that occasion, a fresh certificate for such shares shall be issued to the holder delivering such certificate to the Company.

- 4.4.5 There shall be paid on each 'AA' Preference Share redeemed the Paid Up Amount thereon.

4.5 REDEMPTION OF A PREFERENCE SHARES

- 4.5.1 No 'A' Preference Shares shall be redeemed at any time when there are outstanding any amounts of principal or interest or any other monies payable on the Loan Stock, or 'AA' Preference Shares in issue and all of the following provisions of this Article 4.5 are subject to the provisions of this Article 4.5.1 and to Article 4.8.

- 4.5.2 The Company shall, subject to Article 4.5.1 and the provisions of the Act, redeem the whole of the 'A' Preference Shares for the time being in issue on the earlier of:-

4.5.2.1 30 June 2015; and

4.5.2.2 a Realisation Date,

and the Company shall not be entitled to redeem any of the 'A' Preference Shares on any other date.

- 4.5.3 If the Company shall be unable, in compliance with Article 4.5.1 or the provisions of the Act, to redeem all or any of the 'A' Preference Shares in accordance with Article 4.5.2 on the due date for redemption thereof, then the Company shall redeem such shares as soon after such date as the Company shall be able to do so in compliance with Article 4.5.1 and the provisions of the Act.

4.5.4 In the case of any partial redemption under this Article 4.5, the Company shall redeem a proportion of the holding of each 'A' Preference Shareholder corresponding to the proportion which the number of 'A' Preference Shares proposed to be redeemed bears to the number of 'A' Preference Shares issued and outstanding immediately prior to the date of the proposed redemption without involving the redemption of fractions of 'A' Preference Shares by the rounding down of any fraction.

4.5.5 On any date for redemption of the 'A' Preference Shares each of the holders of the shares concerned shall deliver to the Company at the Company's registered office the certificates for such of the shares concerned as are held by him in order that they may be cancelled. Upon such delivery, the Company shall pay to such holder the amount due to him in respect of such redemption PROVIDED THAT if any 'A' Preference Shareholder fails to deliver such certificates, the Company shall nevertheless be entitled to redeem (and to treat as redeemed for all purposes) the 'A' Preference Shares to which such certificates relate upon payment to such holder of the full amount due to him in respect of the redemption of such 'A' Preference Shares. If any certificate delivered to the Company includes any 'A' Preference Shares which are not to be redeemed on that occasion, a fresh certificate for such shares shall be issued to the holder delivering such certificate to the Company.

4.5.6 The 'A' Preference Shares shall be redeemed in accordance with Article 4.8 and, subject to the provisions of Article 4.8, there shall be paid on each 'A' Preference Share redeemed the Paid Up Amount thereon.

4.6 REDEMPTION OF C PREFERENCE SHARES

4.6.1 No 'C' Preference Shares shall be redeemed at any time when there are outstanding any amounts of principal or interest or any other monies payable on the Loan Stock, or 'AA' Preference Shares in issue and all of the

following provisions of this Article 4.6 are subject to the provisions of this Article 4.6.1 and to Article 4.8.

4.6.2 The Company shall, subject to Article 4.6.1 and the provisions of the Act, redeem the whole of the 'C' Preference Shares for the time being in issue on the earlier of:-

4.6.2.1 30 June 2015; and

4.6.2.2 a Realisation Date,

and the Company shall not be entitled to redeem any of the 'C' Preference Shares on any other date.

4.6.3 If the Company shall be unable, in compliance with Article 4.6.1 or the provisions of the Act, to redeem all or any of the 'C' Preference Shares in accordance with Article 4.6.2 on the due date for redemption thereof, then the Company shall redeem such shares as soon after such date as the Company shall be able to do so in compliance with Article 4.6.1 and the provisions of the Act.

4.6.4 In the case of any partial redemption under this Article 4.6, the Company shall redeem a proportion of the holding of each 'C' Preference Shareholder corresponding to the proportion which the number of 'C' Preference Shares proposed to be redeemed bears to the number of 'C' Preference Shares issued and outstanding immediately prior to the date of the proposed redemption without involving the redemption of fractions of 'C' Preference Shares by the rounding down of any fraction.

4.6.5 On any date for redemption of the 'C' Preference Shares each of the holders of the shares concerned shall deliver to the Company at the Company's registered office the certificates for such of the shares concerned as are held by him in order that they may be cancelled. Upon such delivery, the Company shall pay to such holder the amount due to him in respect of such

redemption PROVIDED THAT if any 'C' Preference Shareholder fails to deliver such certificates, the Company shall nevertheless be entitled to redeem (and to treat as redeemed for all purposes) the 'C' Preference Shares to which such certificates relate upon payment to such holder of the full amount due to him in respect of the redemption of such 'C' Preference Shares. If any certificate delivered to the Company includes any 'C' Preference Shares which are not to be redeemed on that occasion, a fresh certificate for such shares shall be issued to the holder delivering such certificate to the Company.

4.6.6 The 'C' Preference Shares shall be redeemed in accordance with Article 4.8 and, subject to the provisions of Article 4.8, there shall be paid on each 'C' Preference Share redeemed :-

4.6.6.1 in the case of a redemption due on 30 June 2015, the Paid Up Amount thereon; or

4.6.6.2 in the case of a redemption due on a Realisation Date, the Paid Up Amount thereon, together with a premium on the Paid Up Amount equal to £1.2272 per 'C' Preference Share.

4.7 REDEMPTION OF D PREFERENCE SHARES

4.7.1 No 'D' Preference Shares shall be redeemed at any time when there are outstanding any amounts of principal or interest or any other monies payable on the Loan Stock, or 'AA' Preference Shares in issue and all of the following provisions of this Article 4.7 are subject to the provisions of this Article 4.7.1 and to Article 4.8.

4.7.2 The Company shall, subject to Article 4.7.1 and the provisions of the Act, redeem the whole of the 'D' Preference Shares for the time being in issue on the earlier of:-

4.7.2.1 30 June 2015; and

4.7.2.2 a Realisation Date,

and the Company shall not be entitled to redeem any of the 'D' Preference Shares on any other date.

4.7.3 If the Company shall be unable, in compliance with Article 4.7.1 or the provisions of the Act, to redeem all or any of the 'D' Preference Shares in accordance with Article 4.7.2 on the due date for redemption thereof, then the Company shall redeem such shares as soon after such date as the Company shall be able to do so in compliance with Article 4.7.1 and the provisions of the Act.

4.7.4 In the case of any partial redemption under this Article 4.7, the Company shall redeem a proportion of the holding of each 'D' Preference Shareholder corresponding to the proportion which the number of 'D' Preference Shares proposed to be redeemed bears to the number of 'D' Preference shares issued and outstanding immediately prior to the date of the proposed redemption without involving the redemption of fractions of 'D' Preference Shares by the rounding down of any fraction.

4.7.5 On any date for redemption of the 'D' Preference Shares each of the holders of the shares concerned shall deliver to the Company at the Company's registered office the certificates for such of the shares concerned as are held by him in order that they may be cancelled. Upon such delivery, the Company shall pay to such holder the amount due to him in respect of such redemption PROVIDED THAT if any 'D' Preference Shareholder fails to deliver such certificates, the Company shall nevertheless be entitled to redeem (and to treat as redeemed for all purposes) the 'D' Preference Shares to which such certificates relate upon payment to such holder of the full amount due to him in respect of the redemption of such 'D' Preference Shares. If any certificate delivered to the Company includes any 'D' Preference Shares which are not to be redeemed on that occasion, a fresh

certificate for such shares shall be issued to the holder delivering such certificate to the Company.

4.7.6 The 'D' Preference Shares shall be redeemed in accordance with Article 4.8 and, subject to the provisions of Article 4.8, there shall be paid on each 'D' Preference Share redeemed:

4.7.6.1 in the case of a redemption due on 30 June 2015, the nominal amount thereon; or

4.7.6.2 in the case of a redemption due on a Realisation Date, the nominal amount thereon, together with a premium on the nominal amount equal to £9.99 per 'D' Preference Share.

4.8 ORDER OF PRIORITY ON REDEMPTION

On any redemption of shares in the capital of the Company pursuant to these Articles on a Realisation Date, the amount available for redemption of such shares ("the Redemption Amount") shall be applied in the following order of priority:-

4.8.1 First, up to £4,000,000 of the Redemption Amount in redeeming outstanding 'AA' Preference Shares in accordance with Article 4.4.

4.8.2 Second, up to £14,000,000 of the Redemption Amount remaining after redemption of the 'AA' Preference Shares ("the Second Tranche") in redeeming at the same time 'A' Preference Shares and 'C' Preference Shares (inclusive of any premium payable on the Paid Up Amount) and 'D' Preference Shares (inclusive of any premium on the nominal amount) in accordance with Articles 4.5, 4.6 and 4.7 respectively in the proportions 27.143 per cent of the Second Tranche to the 'A' Preference Shareholders (up to £3,800,000 in aggregate) in redeeming outstanding 'A' Preference Shares, 67.859 per cent of the Second Tranche to the 'C' Preference Shareholders (up to £9,500,000 in aggregate) in redeeming outstanding 'C' Preference Shares and 5 per cent of the Second Tranche to the 'D' Preference Shareholders (up

to £700,000 in aggregate) in redeeming outstanding 'D' Preference Shares Provided That no redemptions shall be made pursuant to this Article 4.8.2 unless such redemptions shall be made in the proportions set out in this Article 4.8.2.

4.8.3 Third, up to £10,000,000 of the Redemption Amount remaining after redemption of 'A' Preference Shares, 'C' Preference Shares and 'D' Preference Shares in accordance with Article 4.8.2 ("the Third Tranche") in redeeming at the same time 'A' Preference Shares, 'C' Preference Shares (inclusive of any premium payable on the Paid Up Amount), and 'D' Preference Shares (inclusive of any premium on the nominal amount) in accordance with Articles 4.5, 4.6 and 4.7 respectively in the proportions 25.714 per cent of the Third Tranche to the 'A' Preference Shareholders (up to £2,571,429 in aggregate) in redeeming outstanding 'A' Preference Shares, 64.286 per cent of the Third Tranche to the 'C' Preference Shareholders (up to £6,428,571 in aggregate) in redeeming outstanding 'C' Preference Shares and 10 per cent of the Third Tranche to the 'D' Preference Shareholders (up to £1,000,000 in aggregate) in redeeming outstanding 'D' Preference Shares Provided That no redemptions shall be made pursuant to this Article 4.8.3 unless such redemptions shall be made in the proportions set out in this Article 4.8.3.

4.9 VOTING

4.9.1 The only members entitled to vote at general or other meetings of the Company shall be holders of 'A' Preference Shares and 'C' Preference Shares subject to:

4.9.1.1 where these Articles expressly permit the holders of 'AA' Preference Shares to vote at these meetings; and

4.9.1.2 any special rights or restrictions as to voting attached to any shares.

At all general and other meetings of the Company the 'A' Preference Shares and the 'C' Preference Shares shall be treated as one class of share.

Save as otherwise provided in this Article 4.9, at all general and other meetings of the Company, each member who is entitled to vote and who (being an individual) is present in person or (being a corporation) is present by a representative shall have one vote and on a poll:

4.9.1.3 each 'A' Preference Shareholder who is present in person or by a proxy or (being a corporation) by a representative shall have one vote for every 'A' Preference Share of which he is the holder; and

4.9.1.4 each 'C' Preference Shareholder who is present in person or by a proxy or (being a corporation) by a representative shall have two hundred and twenty-two votes for every full one hundred 'C' Preference Shares of which he is the holder.

4.9.2 The 'AA' Preference Shareholders shall be entitled to receive notice of, and attend, and speak at all general or other meetings of the Company but, save as provided in Article 4.9.3, they shall not be entitled to vote at any such meeting in respect of the 'AA' Preference Shares held by them.

4.9.3 A Majority of the 'AA' Preference Shareholders shall be entitled to convene an Extraordinary General Meeting of the Company at any time after a Trigger Date for the purpose of considering a resolution or resolutions to approve the terms of any additional capital support for the Company, and for this purpose to consider a resolution or resolutions to appoint additional Directors as follows ("the Additional Capital Procedure"):-

- (a) the 'AA' Preference Shareholders will notify the 'C' Preference Shareholders that a Trigger Date has occurred as soon as reasonably practicable after becoming aware thereof;
- (b) prior to convening such an Extraordinary General Meeting, the 'AA' Preference Shareholders will in good faith enter into discussions with the 'C' Preference Shareholders with a view to agreeing terms for the additional capital support;
- (c) in the event that agreement cannot be reached within 30 days after commencement of discussions, the 'AA' Preference Shareholders shall

have the right to determine the terms of such additional capital support at its discretion subject to the following:-

- (i) in the case of the 'A' Preference Shares, 'C' Preference Shares and 'D' Preference Shares, such terms must preserve the relative rights of such shares as set out in Articles 4.2.2, 4.2.3, 4.8.2 and 4.8.3;
- (ii) such terms do not provide for the creation of further 'A' Preference Shares, 'C' Preference Shares or 'D' Preference Shares in the capital of the Company, or instruments which may be converted into such shares;
- (iii) the 'C' Preference Shareholders will have the right to participate in the additional capital support for the entire amount or, at their discretion, for part of such amount;
- (iv) the 'AA' Preference Shareholders will underwrite such additional capital support and will participate in such amount thereof which is not taken by the 'C' Preference Shareholders on the same terms as have been offered to the 'C' Preference Shareholders;
- (v) any additional Directors appointed pursuant to this Article 4.9.3 shall be removed immediately following the implementation of the additional capital support.

At any such Meeting the quorum shall be persons holding $66\frac{2}{3}$ per cent or more in nominal value of the 'AA' Preference Shares and those 'AA' Preference Shareholders voting in favour of any or all of the resolutions referred to above shall be entitled on each such resolution to votes equal to three times the number of votes cast against the relevant resolution. At any such meeting only the 'AA' Preference Shareholders may vote on any resolution relating to its adjournment. For the purposes of this Article 4.9.3, a Trigger Date shall be deemed to have occurred:

- (a) on the date falling 7 days after any failure by the Company to deliver to the 'AA' Preference Shareholders any certificate

which the Company is obliged to deliver to the 'AA' Preference Shareholders; or

- (b) on the date of delivery to the 'AA' Preference Shareholders of any certificate produced by the Company pursuant to an obligation to the 'AA' Preference Shareholders:

4.9.3.1 if a genuine offer for the shares in or business of the Company has been made by a third party on an arm's length basis within the twelve month period immediately preceding any date referred to in sub-clauses (a) or (b) above and such offer would provide for or permit the repayment of all outstanding amounts of principal, interest and other monies payable on the Loan Stock and the redemption of all outstanding 'AA' Preference Shares in accordance with Article 4.4 and such offer has been rejected by any of the holders of 'C' Preference Shares but accepted by the holders of all the 'A' Preference Shares; and

4.9.3.2 if the certificate referred to above does not state that in the reasonable opinion of the Board the Group is likely to achieve the net free assets which the CAA will require of it as a condition to the next renewal of the Company's air travel organisers' licences.

4.9.4 The 'D' Preference Shareholders and the New Ordinary Shareholders shall be entitled to receive notice of, and attend, and speak at all general and other meetings of the Company but they shall not be entitled to vote at any such meeting in respect of the 'D' Preference Shares and/or New Ordinary Shares held by them.

4.9.5 The Deferred Shareholders shall not be entitled to receive notice of, or attend, or speak at any general or other meetings of the Company and shall not be entitled to vote at any such meeting in respect of the Deferred Shares held by them.

5. VARIATION OF CLASS RIGHTS

5.1 Whenever the capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern, or during or in contemplation of a winding up, with the consent in writing of the holders of three fourths of the issued shares of that class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of that class, but not otherwise Provided That, in the case of the New Ordinary Shares, the special rights attached to that class may only be varied or abrogated:

- (a) with the consent in writing of the holders of three fourths of the issued New Ordinary Shares or with the sanction of an Extraordinary Resolution passed at a separate meeting of the New Ordinary Shareholders; and
- (b) if, of the total number of New Ordinary Shareholders who are also 'AA' Preference Shareholders, not less than three fourths of such New Ordinary Shareholders who are also 'AA' Preference Shareholders have consented to or sanctioned such variation or abrogation. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company shall apply mutatis mutandis except that:-
 - (a) the necessary quorum shall be at least two persons holding or representing by proxy one third in nominal amount of the issued shares of the class, but so that at any adjourned meeting of such holders at which such a quorum is not present the holder or holders present shall be a quorum; and
 - (b) the holders of shares of the class in question shall on a poll have one vote in respect of every share of the class held by them respectively; and
 - (c) for the purpose of this Article 5 the issued 'A' Preference Shares and the issued 'C' Preference Shares and the issued 'D' Preference Shares shall be treated as one class of share and at any class meeting held pursuant to Articles 5.3, 5.4 and/or 5.5 each 'C' Preference Shareholder shall be entitled to two hundred and twenty-two votes for every full one hundred 'C' Preference Shares it holds; and

- (d) for the avoidance of doubt, the rights attached to any class of shares shall be deemed not to be varied by any of the resolutions or related matters referred to in Article 4.9.3.

5.2 It is a term of issue of the 'AA' Preference Shares that the following matters shall be deemed to constitute a variation of the rights attached to the 'AA' Preference Shares:

- (a) the creation or issue of any further shares in the capital of the Company:
 - (i) ranking as to redemption or capital in priority to, or *pari passu* with, the 'AA' Preference Shares; or
 - (ii) redeemable on or prior to 30 June 2015 or a Realisation Date; or
 - (iii) carrying a right to a dividend at any time when there are 'AA' Preference Shares in issue; or
- (b) any resolution to alter the date on which the 'AA' Preference Shares may be redeemed or to bring forward the date on which any other class of redeemable share in the Company is expressed to be redeemable; or
- (c) any resolution to alter (whether directly by reducing the amount stated to be so payable or indirectly by altering the amount payable to any other shareholder thereby reducing the proportionate entitlement of the 'AA' Preference Shareholders) the amount payable to the 'AA' Preference Shareholders on any redemption of the 'AA' Preference Shares held by them; or
- (d) any resolution to alter (whether directly by reducing the amount stated to be so payable or indirectly by altering the amount payable to any other shareholder thereby reducing the proportionate entitlement of the 'AA' Preference Shareholders) the amount payable to the 'AA' Preference Shareholders in respect of the 'AA' Preference Shares held by them on a return of capital on liquidation or otherwise; or
- (e) any resolution to alter the voting rights of the 'AA' Preference Shares (whether directly by reducing the voting entitlement of the 'AA' Preference Shares or indirectly by increasing the voting entitlement of any other class of shares or creating new classes of shares with voting rights).

5.3 It is a term of issue of the 'A' Preference Shares that the following matters shall be deemed to constitute a variation of the rights attached to the 'A' Preference Shares:

- (a) the creation or issue of any further shares in the capital of the Company:
 - (i) ranking as to redemption or capital in priority to, or pari passu with, the 'A' Preference Shares; or
 - (ii) redeemable on or prior to 30 June 2015 or a Realisation Date; or
 - (iii) carrying a right to a dividend at any time when there are 'A' Preference Shares in issue; or
- (b) any resolution to alter the date on which the 'A' Preference Shares may be redeemed or to bring forward the date on which any other class of redeemable share in the Company is expressed to be redeemable; or
- (c) any resolution to alter (whether directly by reducing the amount stated to be so payable or indirectly by altering the amount payable to any other shareholder thereby reducing the proportionate entitlement of the 'A' Preference Shareholders) the amount payable to the 'A' Preference Shareholders on any redemption of the 'A' Preference Shares held by them ; or
- (d) any resolution to alter (whether directly by reducing the amount stated to be so payable or indirectly by altering the amount payable to any other shareholder thereby reducing the proportionate entitlement of the 'A' Preference Shareholders) the amount payable to the 'A' Preference Shareholders in respect of the 'A' Preference Shares held by them on a return of capital on liquidation or otherwise; or
- (e) any resolution to alter the voting rights of the 'A' Preference Shares (whether directly by reducing the voting entitlement of the 'A' Preference Shares or indirectly by increasing the voting entitlement of any other class of shares or creating new classes of shares with voting rights).

5.4 It is a term of issue of the 'C' Preference Shares that the following matters shall be deemed to constitute a variation of the rights attached to the 'C' Preference Shares:

- (a) the creation or issue of any further shares in the capital of the Company:

- (i) ranking as to redemption or capital in priority to, or pari passu with, the 'C' Preference Shares; or
- (ii) redeemable on or prior to 30 June 2015 or a Realisation Date; or
- (iii) carrying a right to a dividend at any time when there are 'C' Preference Shares in issue; or
- (b) any resolution to alter the date on which the 'C' Preference Shares may be redeemed; or
- (c) any resolution to alter (whether directly by reducing the amount stated to be so payable or indirectly by altering the amount payable to any other shareholder thereby reducing the proportionate entitlement of the 'C' Preference Shareholders) the amount payable to the 'C' Preference Shareholders on any redemption of the 'C' Preference Shares held by them; or
- (d) any resolution to alter (whether directly by reducing the amount stated to be so payable or indirectly by altering the amount payable to any other shareholder thereby reducing the proportionate entitlement of the 'C' Preference Shareholders) the amount payable to the 'C' Preference Shareholders in respect of the 'C' Preference Shares held by them on a return of capital on liquidation or otherwise. ; or
- (e) any resolution to alter the voting rights of the 'C' Preference Shares (whether directly by reducing the voting entitlement of the 'C' Preference Shares or indirectly by increasing the voting entitlement of any other class of shares or creating new classes of shares with voting rights).

5.5 It is a term of issue of the 'D' Preference Shares, New Ordinary Shares and Deferred Shares that the rights attached to such shares shall be deemed not to be varied by the occurrence of any of the following events:-

- (a) the creation or issue of any further shares in the capital of the Company; or
- (b) the creation or issue or granting of any options or other rights over, or of securities convertible into, any of the shares for the time being in the capital of the Company; or
- (c) any increase in or alteration or variation or reduction of the authorised or issued capital of the Company, or any alteration or variation of any of the

rights attached to or any redemption or purchase by the Company of any of the shares for the time being in the capital of the Company; or

- (d) any resolution to reduce, or any reduction in, the issued share capital of the Company, or any uncalled liability in respect thereof, or the amount (if any) standing to the credit of the share premium account or capital redemption reserve of the Company; or
- (e) any resolution to purchase, or any purchase of, the Company's own shares by the Company; or
- (f) any resolution (whether pursuant to Part II of the Act or otherwise) to change the classification or status of the Company; or
- (g) any alteration to the Memorandum of Association or Articles of Association of the Company; or
- (h) any resolution to wind up the Company; or
- (i) any sale, transfer or other disposal by the Company of the whole or part of its undertaking, business or assets; or
- (j) the transfer by the Company of any profits to reserves or the taking of any other action (excluding the lawful payment of dividends) which will or may reduce the amount of its profits available for distribution; or
- (k) the capitalisation by the Company of any profits (whether or not available for distribution and including profits standing to any reserve) of any sum standing to the credit of its share premium account or capital redemption reserve; or
- (l) any suspension or relaxation by the Company of any provision of its articles of association which prohibits a director from voting at a meeting of the directors or of a committee of the directors in certain circumstances; or
- (m) any sale, transfer or other disposal by the Company of all or any part of, or any interest in, the shares of any of its subsidiary undertakings; or
- (n) the giving, variation, revocation or renewal of an authority for allotment under section 80 of the Companies Act 1985.

5.6 It is a term of issue of the 'AA' Preference Shares, 'A' Preference Shares and 'C' Preference Shares that, save in respect of the matters set out in Articles 5.2, 5.3 and 5.4, none of the matters set out in Article 5.5 shall be deemed to be a variation of the rights attached to such shares.

ISSUES OF SHARES AND LIEN

- 6.1 No allotment of any shares in the Company or any other securities conferring a right to subscribe for shares in the Company ("New Securities") shall be made unless such New Securities are first offered to existing holders of New Ordinary Shares in proportion as nearly as may be to their holdings of New Ordinary Shares at the date of such offer PROVIDED THAT this Article 6.1 shall not apply to any New Securities issued pursuant to the Additional Capital Procedure set out in Article 4.9.3 and PROVIDED FURTHER THAT if the Company offers to allot to each holder of New Ordinary Shares on the same terms equity securities (as defined in section 94 of the Act) and Non-Equity Shares in proportions which are the same as nearly as practicable for all the holders of New Ordinary Shares, no person to whom any such offer is made shall be entitled to accept the offer in relation to such equity securities unless he also accepts the offer in relation to such Non-Equity Shares. For these purposes, "Non-Equity Shares" means any shares which, upon issue, would not comprise part of the equity share capital (as defined in section 744 of the Act) of the Company. Any offer made in accordance with this Article 6.1 shall be made by notice in writing specifying the number of New Securities offered and specifying a time period (being not less than 21 days) within which, the offer, if not accepted, will be deemed to have been declined. After the expiry of such time period, the New Securities so deemed to have been declined shall be offered in the proportion referred to above to those holders of New Ordinary Shares who have within the specified time period accepted all the New Securities offered to them. Any such further offer shall be made in the same manner and on the same terms as the original offer and shall specify a like time period within which it must be accepted. Any New Securities not accepted pursuant to such further offer may be allotted or otherwise disposed of in such manner as the Directors think fit.
- 6.2 No allotment of any equity securities (as defined in section 94 of the Act) other than New Money Shares shall be made. For this purpose, "New Money Shares" means shares in the capital of the Company in respect of which the subscription proceeds (a) are to be utilised by the Company for the ongoing capital requirements of the Company and its subsidiaries in connection with their trading activities and (b) are

not to be utilised, directly or indirectly, by the Company for the purpose of, or in connection with, the payment of dividends on any shares in the capital of the Company or the redemption of shares in the capital of the Company or the return of capital (in any form and in any manner) to the holders of shares in the capital of the Company.

- 6.3 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.
- 6.4 The Company shall have a first and paramount lien on every share (whether or not fully paid) for all and any indebtedness of any holder thereof to the Company (whether a sole holder or one of two or more joint holders), whether or not such indebtedness or liability is in respect of the shares concerned and whether or not it is presently payable.

7. TRANSFER OF SHARES

- 7.1 The Directors shall be required (subject only to Articles 7.2 and 7.3) to register promptly any transfer of shares made in accordance with the provisions of Articles 9, 10 and 11, but shall not register any transfer of shares not so made without the prior written consent of the Majority of the Institutional Investors.

- 7.2 The Directors may refuse to register a transfer unless:

- (a) it is lodged at the office or such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; and
- (b) it is in favour of not more than four transferees.

- 7.3 The Directors may also refuse to register a transfer if it is:

- (a) the transfer of a share which is not fully paid to a person of whom they do not approve; or

- (b) the transfer of a share on which the Company has a lien; or
- (c) the transfer of a share to a bankrupt, a minor or a person of unsound mind.

8. In this Article and in Articles 9, 10 and 11, the following words shall bear the following meanings:-

"Acceptance Period"	a period during which an offer made under Article 10.4 is open for acceptance.
"Bad Leaver"	an Employee to whom Article 10.11 applies who ceases to be an Employee other than in circumstances constituting him a Good Leaver.
"company"	includes any body corporate.
"Employee"	an individual who is employed by the Company or any of its subsidiaries or an individual whose services are made available to the Company or any of its subsidiaries under the terms of an agreement between the Company or any of its subsidiaries and such individual or any other person (and "contract of employment" shall be construed accordingly to include such an agreement).
"Equivalent Proportion"	means, in relation to the transfer by a Member at the same time of part of his holding of 'AA' Preference Shares and/or part of his holding of 'A' Preference Shares and/or part of his holding of 'C' Preference Shares and/or part of his holding of 'D' Preference Shares and/or part of his holding of New Ordinary Shares and/or part of his holding of Deferred Shares

that the following proportions must be the same:-

- (a) the proportion which such part holding of 'AA' Preference Shares bears to his total holding of 'AA' Preference Shares (including such part holding); and/or
- (b) the proportion which such part holding of 'A' Preference Shares bears to his total holding of 'A' Preference Shares (including such part holding); and/or
- (c) the proportion which such part holding of 'C' Preference Shares bears to his total holding of 'C' Preference Shares (including such part holding); and/or
- (d) the proportion which such part holding of 'D' Preference Shares bears to his total holding of 'D' Preference Shares (including such part holding); and/or
- (e) the proportion which such part holding of New Ordinary Shares bears to his total holding of New Ordinary Shares (including such part holding); and/or
- (f) the proportion which such part holding of Deferred Shares bears to his total holding of Deferred Shares (including such part holding).

"Excluded Person"

- (a) any Member (or other person entitled to shares in the manner set out in Article 10.10) who is required by the Remuneration Committee to give a Transfer Notice under Article 10.10;
- (b) any Member or other person who has been required to give a Transfer Notice

under Article 10.10 or 10.11 (whether or not that requirement has been complied with), but so that such Member or other person shall cease to be an Excluded Person if, at the end of the relevant Acceptance Period, the Company has failed to find persons wishing to purchase all the Sale Shares which are the subject of the Transfer Notice;

- (c) any Employee who has given, or been given, notice to terminate his contract of employment with the Company or any subsidiary of the Company (otherwise than in consequence of sickness, disability or incapacity or in contemplation of retirement at normal retirement age, as determined by his employing company's policy in that regard for the time being).

"Family Trusts"

in relation to any individual means trusts (whether arising under a settlement inter vivos, declaration of trust or other instrument or under a testamentary disposition or on an intestacy) under which no beneficial interest in any of the Shares in question is for the time being vested in any person other than that individual and/or Privileged Relations of that individual and any other individual (whether or not related to that individual), company, trustee or charity which may be added to the class of beneficiaries of any Family Trusts with the prior consent of the Remuneration Committee. For these purposes a person shall

be deemed to be beneficially interested in a Share if that Share or the income derived from it is or may become liable to be transferred or paid or applied or appointed to or for the benefit of that person. A company wholly owned by a trust which conforms to the foregoing definition of a Family Trust shall be treated for all purposes of these Articles as if it were a Family Trust.

"Good Leaver"

an Employee to whom Article 10.11 applies who ceases to be an Employee as a result of death, mental illness or ill health or physical or mental incapacity.

"Member"

a holder of Shares.

"a member of the same group"

as regards any company, a company which is for the time being a holding company or a subsidiary of that company or of any such holding company.

"the Prescribed Price"

the price per Sale Share specified in the Transfer Notice or (if no price is specified)

- in the case of New Ordinary Shares, the price per Sale Share agreed or determined pursuant to Article 10.3;
- in the case of 'AA' Preference Shares and 'A' Preference Shares and 'C' Preference Shares and 'D' Preference Shares, the amount which would be payable on each such share under the provisions of Article 4.2 upon a return of capital occurring on the date on

which the Transfer Notice is given (or deemed given);

Provided That for Deferred Shares the Prescribed Price shall always be 1p in total.

"Priority Rights"

the rights of Members and/or the Employee Benefit Trust to purchase Shares comprised in a Transfer Notice in the order of priority stipulated in Article 10.5.

"Privileged Relations"

the spouse, common law spouse, parents and every child and remoter descendant of an individual (including stepchildren and adopted children).

"Proposing Transferor"

a Member proposing to transfer or dispose of Shares or any interest therein.

"Purchaser"

a Member or the Employee Benefit Trust willing to purchase Shares comprised in a Transfer Notice.

"the Sale Shares"

all Shares comprised in a Transfer Notice.

"Shares"

'AA' Preference Shares, 'A' Preference Shares, 'C' Preference Shares, 'D' Preference Shares, New Ordinary Shares and/or Deferred Shares.

"subsidiary"

has the meaning given by Section 736 of the Companies Act 1985.

"Transferee Company"

a company for the time being holding Shares in consequence of a transfer or series of transfers of Shares between members of the same group

(the relevant Transferor Company in the case of a series of transfers being the first transferor in that series).

"Transfer Notice" - a written notice served or deemed to be served by a Member on the Company in accordance with Article 10.

"Transferor Company" a company (other than a Transferee Company) which has transferred shares to a member of the same group.

9.1 Subject to the provisions of Article 7, any Shares may at any time be transferred:-

9.1.1 by any Institutional Investor being a company to a member of the same group as the Transferor Company; or

9.1.2 by any Institutional Investor to:-

(A) where the Institutional Investor is an Investment Manager or a nominee of an Investment Manager:-

- (i) any participant or partner in or member of any Investment Fund in respect of which the Shares are held (but only in connection with the dissolution of such Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund);
- (ii) any Investment Fund whose business is managed by the Investment Manager who is or whose nominee is the transferor;
- (iii) any other Investment Manager who manages the business of the Investment Fund in respect of which the shares are held;

(B) where the Institutional Investor is an Investment Fund or a nominee of an Investment Fund:-

- (i) any participant or partner in or member of the Investment Fund which is or whose nominee is the transferor (but only in connection with the dissolution of such Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund) or, in the case of shares held by Phildrew Nominees Limited, to any person pursuant to the co-investment scheme set out in the Phildrew Ventures Third Fund memorandum;
- (ii) any other Investment Fund whose business is managed by the same Investment Manager as the Investment Fund which is or whose nominee is the transferor;
- (iii) the Investment Manager who manages the business of the Investment Fund which is or whose nominee is the transferor (or, in any such case, a nominee of behalf thereof);

(C) any institution which is (or is a member of the same group as another company which is):-

- (i) a member of the British Venture Capital Association (or any successor body or organisation); and/or
- (ii) an authorised institution under the Banking Act 1987; and/or
- (iii) an institution which is recognised by the Inland Revenue as carrying on a bona fide banking business in the United Kingdom for the purposes of Section 349 of the Income and Corporation Taxes Act 1988;

9.1.3 by any Member in consequence of acceptance (whether voluntary or otherwise) of an offer made to that Member pursuant to, and in accordance with, Article 11 or 12; or

9.1.4 by an individual Member to trustees to be held on Family Trusts of that Member or by an individual Member or by the trustees of his Family Trusts to a Privileged Relation of that individual; or

9.1.5 by any Member in accordance with the terms of a Realisation.

9.2 Where shares have been transferred under Article 9.1.4 or under this Article 9.2 to trustees of Family Trusts or where shares have been subscribed for by the trustees of Family Trusts, the Relevant Shares may be transferred to the individual Member concerned or to his Privileged Relations and on any change of trustees the Relevant Shares may be transferred to the trustees for the time being of the Family Trusts concerned.

9.3 In the event that:

9.3.1 any Relevant Shares held by trustees cease to be held on Family Trusts (otherwise than where an authorised transfer of those Shares has been made); or

9.3.2 a Transferee Company holding Relevant Shares ceases to be a member of the same group as the Transferor Company from which (whether directly or by a series of transfers under Article 9.1.1) the Relevant Shares were derived;

the Transferee Company or, as the case may be, trustees shall notify the Remuneration Committee in writing that that event has occurred and shall be bound, if and when required in writing by the Remuneration Committee to do so, to give a Transfer Notice in respect of the Relevant Shares (but without specifying a Prescribed Price and so that the right of revocation conferred by Article 10.6 shall not apply).

For this purpose the expression "the Relevant Shares" means (so far as the same remain held by the trustees of any Family Trusts or by any Transferee Company) the shares originally transferred to or subscribed for by the trustees or Transferee Company and any additional shares issued to such trustees or Transferee Company

by way of capitalisation or acquired by such trustees or Transferee Company in exercise of any right or option granted or arising by virtue of the holding of the Relevant Shares or any of them or the membership thereby conferred.

- 9.4 A Member who holds shares in any two or more of the following classes, namely 'AA' Preference Shares, 'A' Preference Shares, 'C' Preference Shares, 'D' Preference Shares, New Ordinary Shares and Deferred Shares shall not be entitled to transfer any of these Shares under this Article 9 other than Article 9.1 unless he transfers at the same time an Equivalent Proportion of any 'AA' Preference Shares, 'A' Preference Shares, 'C' Preference Shares, 'D' Preference Shares, New Ordinary Shares and/or Deferred Shares such Member may hold.
10. The right to transfer Shares or any interest therein shall (save in respect of transfers made pursuant to Article 9) be subject to the restrictions set out in this Article 10.
- 10.1 Before transferring, or disposing of, any Shares (or any interest in Shares) the Proposing Transferor shall serve a Transfer Notice on the Company specifying the number and class of Shares in question, and the Transfer Notice shall constitute the Company his agent for the sale of those Shares in accordance with this Article 10. Except as provided in this Article 10, a Transfer Notice once given or deemed to be given shall not be revocable except with the written consent of the Remuneration Committee.
- 10.2 A Transfer Notice:-
- 10.2.1 may comprise Shares of more than one class and must, where the Proposing Transferor holds shares in any two or more classes, comprise an Equivalent Proportion of each class such Proposing Transferor may hold;
- 10.2.2 may, where permitted, specify the Prescribed Price per Share (or, where the Transfer Notice comprises Shares of more than one class, the Prescribed Price per Share for each class);
- 10.2.3 shall, if the Proposing Transferor has received any offer to purchase Shares of the same class as the Sale Shares (whether or not any such offer constitutes an offer capable of becoming legally binding upon acceptance), within the

period of one month prior to service of the Transfer Notice, give the name of the offeror, the number of Shares concerned and the price per Share offered;

- 10.2.4 may not be given by any Member other than an Institutional Investor unless required by the Remuneration Committee under Articles 9.3 or 10.10 or unless required under Article 10.11 or unless permitted by these Articles or consented to by the Remuneration Committee.

10.3

- 10.3.1 Forthwith following receipt of a Transfer Notice comprising New Ordinary Shares and which does not specify a Prescribed Price for such New Ordinary Shares, the Directors of the Company (other than the Proposing Transferor, if a Director, and other than any Director connected with the Proposing Transferor within the meaning of Section 839 of the Income and Corporation Taxes Act 1988) shall seek to agree the Prescribed Price with the Proposing Transferor. In the event that the Prescribed Price is not agreed within 7 days of receipt of the Transfer Notice by the Company, the Directors shall request the auditors of the Company (acting as experts and not as arbitrators) to certify the Prescribed Price.

- 10.3.2 The Auditors shall within 14 days of such a request certify to the Company the Prescribed Price, being the value of each share calculated on the following basis:-

- 10.3.2.1 by determining the sum which a willing purchaser would offer to a willing vendor for the whole of the issued share capital of the Company but with no premium for control of the Company, and by applying whatever discount the Auditors may consider appropriate to reflect the lack of marketability of the shares in the Company and any other factors which the Auditors may consider relevant;

- 10.3.2.2 by apportioning the resultant figure in accordance with the amount which would be payable on each share under the provisions of Article 4.2 upon a return of capital occurring on the date of the Transfer Notice.

- 10.4 The Sale Shares shall, within 14 days following receipt of the Transfer Notice or (in a case falling within Article 10.3.1) agreement or certification of the Prescribed Price, be offered by the Company in accordance with the Priority Rights for purchase at the Prescribed Price (other than to the Proposing Transferor and any Excluded Person). All offers shall be made by notice in writing and specify a time (being between 14 and 21 days inclusive) within which the offer must be accepted or, in default, will be deemed to have been declined. A copy of such offers shall at the same time be sent by the Company to the Proposing Transferor.
- 10.5 The Company shall offer the Sale Shares in the following order of priority:-
- 10.5.1 in the case of 'AA' Preference Shares:
- 10.5.1.1 first, to the other holders of 'AA' Preference Shares; and subject thereto
- 10.5.1.2 to the holders of the 'C' Preference Shares.
- 10.5.2 in the case of 'A' Preference Shares:-
- 10.5.2.1 first, to the other holders of 'A' Preference Shares; and subject thereto
- 10.5.2.2 to the holders of the 'C' Preference Shares.
- 10.5.3 in the case of 'C' Preference Shares:-
- 10.5.3.1 first, to the other holders of the 'C' Preference Shares; and subject thereto
- 10.5.3.2 to the holders of the 'A' Preference Shares.
- 10.5.4 in the case of 'D' Preference Shares to such person or persons as the Remuneration Committee in its absolute discretion shall direct, including any nominee appointed by the Remuneration Committee to hold such shares Provided That such 'D' Preference Shares may not be offered to any Institutional Investors in accordance with this Article 10.5.
- 10.5.5 in the case of New Ordinary Shares:
- 10.5.5.1 in the case of such shares which are not held by Institutional Investors, to such person or persons as the Remuneration

Committee in its absolute discretion shall direct, including any nominee appointed by the Remuneration Committee to hold such shares Provided That such New Ordinary Shares may not be offered to any Institutional Investors in accordance with this Article 10.5; and

10.5.5.2 in the case of such shares which are held by Institutional Investors, to the other holders of New Ordinary Shares who are Institutional Investors.

10.5.6 If shares from any two or more classes are offered together, any person to whom Sale Shares are offered must accept equal proportions of each class offered together and in any other case may accept all or some only of the Sale Shares offered to him.

10.5.7 Each Member to whom the offer is made (if more than one) shall be invited to indicate whether, if he accepts the number of Sale Shares offered to him pursuant to Articles 10.5.1, 10.5.2, 10.5.3, 10.5.4 or 10.5.5, he wishes to purchase any Sale Shares offered to other Members in the same offer which they decline to accept (such Sale Shares being referred to as "Excess Shares") and if so the maximum number which he wishes to purchase.

10.5.8 If there are any Excess Shares, they shall be allocated between the Members who have indicated that they wish to purchase Excess Shares. If the number of Excess Shares available is insufficient, the Excess Shares shall be allocated between the Members seeking to purchase them as follows:-

10.5.8.1 any Member who has sought to purchase no more than his proportionate entitlement of Excess Shares (calculated by reference to the proportion of the total holdings of Shares of the relevant class of Members seeking to purchase Excess Shares represented by that Member's holding) shall be allocated all the Excess Shares he sought to purchase; and

10.5.8.2 any Member or Members who sought to purchase more than their proportionate entitlement shall have the number of Excess Shares applied for scaled down and (if more than one) in proportion to their respective holdings of Shares of the relevant class.

10.5.9 Subject to the provisions of this Article, the Purchasers shall be bound to purchase the Sale Shares allocated to them under the provisions of this Article 10.5 at the Prescribed Price;

10.5.10 The trustees of the Employee Benefit Trust will purchase all Deferred Shares comprised in a Transfer Notice or deemed Transfer Notice and the Prescribed Price shall be 1p in total for such shares.

10.6 Not later than 7 days following the last day of the Acceptance Period the Company shall give written notice to the Proposing Transferor stating:-

10.6.1 if it is the case, that no person has sought to purchase any of the Sale Shares;
or,

10.6.2 the number of Sale Shares which persons have sought to purchase, giving the name and address of each Purchaser and the number of Sale Shares to be purchased by him;

and so that in the event that Purchasers have been found in the Acceptance Period for some only of the Sale Shares, the Proposing Transferor may within 7 days of service on him of notice under this Article 10.6 revoke his Transfer Notice by written notice to the Company.

10.7 In the event that the Proposing Transferor is given notice under Article 10.6.2 (and subject to the Proposing Transferor not revoking his Transfer Notice in accordance with Article 10.6, where permitted) the Proposing Transferor shall be bound on payment of the Prescribed Price to transfer the Shares in question to the respective Purchasers. The sale and purchase shall be completed at the registered office of the

Company during normal business hours on the first business day after the expiry of 7 days from the date of service of notice under Article 10.6.2.

- 10.8 If a Proposing Transferor, after having become bound to transfer any Shares to a Purchaser, shall fail to do so, the Directors may authorise any person to execute on behalf of and as attorney for the Proposing Transferor any necessary instruments of transfer and shall register the Purchaser as the holder of the relevant Shares. The Company's receipt of the purchase money shall be a good discharge to the Purchaser, and the Company shall thereafter hold the same on trust for the Proposing Transferor. After the name of the Purchaser has been entered in the Register in purported exercise of these powers, the validity of the proceedings shall not be questioned by any person.
- 10.9 The Proposing Transferor may transfer Sale Shares to any person or persons in the following circumstances:-
 - 10.9.1 If the Company shall fail within the Acceptance Period to find a Purchaser or Purchasers for any of the Sale Shares, the Proposing Transferor may, subject to Article 10.9.3, sell all or any of the Sale Shares.
 - 10.9.2 If the Company shall within the Acceptance Period find a Purchaser or Purchasers for some (but not all) of the Sale Shares and shall serve notice accordingly under Article 10.6.2, any Proposing Transferor which is an Institutional Investor may sell all or any of the Sale Shares and any Proposing Transferor who or which is not an Institutional Investor may, subject to Article 10.9.3 sell all or any of the Sale Shares for which no Purchaser has been found.
 - 10.9.3 The following provisions apply to any proposed sale of Sale Shares pursuant to Articles 10.9.1 and/or 10.9.2:
 - 10.9.3.1 Shares may not be sold after the expiry of three months after the date on which notice is given to the Proposing Transferor under Article 10.6.2.

- 10.9.3.2 The Shares must be sold in pursuance of a bona fide sale at a price not being less than the Prescribed Price and the Directors may require to be satisfied that the Shares are being transferred in pursuance of a bona fide sale for the consideration stated in the instrument of transfer without any deduction, rebate or allowance whatsoever to the purchaser.
- 10.9.3.3 If the provisions of Article 11 are applicable, the transfer or disposal may only be made if those provisions are complied with.
- 10.9.3.4 If the Sale Shares comprise shares from any two or more classes, any sale by the Proposing Transferor must be of an Equivalent Proportion of each class of such Sale Shares.
- 10.10 If any a person becomes entitled to a Share in consequence of the death, bankruptcy, receivership or liquidation of a Member, in circumstances where Article 10.11 does not apply, then (unless the Remuneration Committee determines otherwise at the relevant time) Transfer Notices (which do not specify a Prescribed Price) shall be deemed to have been given on the date on which the Remuneration Committee becomes aware that such entitlement has arisen in respect of all the Shares then registered in the name of the deceased, bankrupt or insolvent Member and in respect of all the Shares then registered in the names of the trustees of the Family Trust of such Member and the Privileged Relations of such Member. Such Transfer Notices shall not be capable of revocation under the provisions of Article 10.6. Regulations 29 to 31 of Table A shall take effect accordingly.
- 10.11 In the event that any Employee ceases for any reason to be an Employee, then (unless the Remuneration Committee otherwise determines at the relevant time) Transfer Notices shall be deemed to have been given on the date on which the Remuneration Committee becomes aware of such event in respect of all the shares then registered in the name of such Employee and in respect of all the shares then registered in the names of the trustees of the Family Trusts of such Employee and the Privileged Relations of such Employee. Such Transfer Notices shall not specify a Prescribed Price and shall not be capable of revocation under the provisions of Article 10.6. In such circumstances the Prescribed Price per Sale Share in respect of all Shares other than Deferred Shares shall:-

10.11.1.1 in the case of a Good Leaver, be the price per Sale Share agreed or determined in accordance with Article 10.3;

10.11.1.2 in the case of a Bad Leaver, the Paid Up Amount on each Sale Share;

and the Prescribed Price for Deferred Shares shall be 1p in total for all Deferred Shares.

10.12 In the event that any Employee becomes an Excluded Person, the Directors may at any time thereafter by notice in writing to such Employee revoke any outstanding Transfer Notice given by such Employee prior to that event under Article 10.1 which relates to, or to the extent that such Transfer Notice relates to, 'D' Preference Shares, New Ordinary Shares and/or Deferred Shares. These Articles shall thereafter operate as if no such Transfer Notice had been given or as if such Transfer Notice had not been given in relation to such 'D' Preference Shares and/or Ordinary Shares and/or Deferred Shares, provided that such revocation shall be without prejudice to any sale of the Shares which were the subject of the Transfer Notice completed prior to such revocation.

10.13 For the purpose of ensuring that a transfer of Shares is duly authorised under these Articles or that no circumstances have arisen by reason of which a Transfer Notice may be required to be, is, or is deemed to have been given, the Directors may from time to time require any individual Member or past individual Member or the personal representatives or trustee in bankruptcy, receiver or liquidator of any Member or any person named as transferee from any individual Member in any instrument of transfer lodged for registration to provide to the Company such information as the Directors reasonably require regarding any matter which they consider necessary for this purpose. If such information is not provided to the reasonable satisfaction of the Directors within a reasonable time after request, the Directors shall be entitled to refuse to register the transfer in question or (in case no transfer is in question) to require by notice in writing that a Transfer Notice be given in respect of the Shares concerned. If the information discloses (in the reasonable opinion of the Directors) that a Transfer Notice ought to have been given in respect of any Shares, the Directors may by notice in writing require that a Transfer Notice be given in respect of the Shares concerned. Any Transfer Notice required to be

given under this Article 10.13 shall not specify a Prescribed Price and shall not be capable of revocation under the provisions of Article 10.6.

10.14 In any case where the Directors require a Transfer Notice to be given in respect of any Shares, if a Transfer Notice is not duly given within a period of 14 days of demand being made by the Directors, a Transfer Notice shall be deemed to have been given at the expiration of that period. Such a deemed Transfer Notice shall not be capable of revocation under the provisions of Article 10.6.

10.15 Any notice required to be given under this Article 10 by the Company to a Member or by a Member to the Company or otherwise shall be given or served either personally or by sending it by first class post to the registered office of the Company or to the registered address of the Member (as the case may be) or, if he has no registered address within the United Kingdom and has supplied to the Company an address within the United Kingdom for the giving of notice to him, to the address so supplied. When a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice and to have been effected 48 hours after posting.

10.16 The restrictions imposed by this Article 10 may be waived in relation to any proposed transfer of Shares with the consent of all Members who, but for such waiver, would or might have been entitled to have such shares offered to them in accordance with Article 10.5.

10.17 Subject to Articles 9.1.3, 9.1.4 and 9.1.5 employees who hold 'D' Preference Shares shall not be entitled to transfer any of these Shares whilst they are Employees.

11.

11.1 In the event that one or more members of the Company holding between them shares in the Company which carry the right to in excess of 75 per cent of the votes which may be cast at general meetings of the Company in accordance with Article 4.10 ("the Vendors") propose to sell the legal or beneficial interest in their entire holdings of New Ordinary Shares to a person with whom none of them is connected, as defined in Section 228 Income and Corporation Taxes Act 1988, ("the

relevant transaction"), the Vendors may procure that an offer is made by the proposed transferee (or any person or persons acting in concert with it) to the holders of all other issued shares in the Company to acquire their entire holdings of shares and provided that such offer complies with the requirements of Article 11.3, the Vendors shall have the right (the "Come Along Right") to require all of the other holders of Shares in the Company (the "Called Shareholders") to accept in full the offer so procured to be made to them.

11.2 For the purpose of this Article 11:-

11.2.1 the expressions "transfer" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment and the renouncee under any such letter of allotment; and

11.2.2 the expression "acting in concert" shall bear the meaning ascribed to it in The City Code on Take-overs and Mergers (as amended from time to time).

11.3 The offer referred to in Article 11.1 above shall:-

11.3.1 be open for acceptance in England for a period of at least 28 days following the making of the offer;

11.3.2 be on terms that the shareholders shall be entitled to receive for their holdings of shares a sum in cash, shares or any other consideration equal to:-

11.3.2.1 (in the case of the 'AA' Preference Shares, the 'A' Preference Shares, the 'C' Preference Shares, the 'D' Preference Shares) the amount which would be payable on each such share under the provisions of Article 4.2 upon a return of capital occurring on the date on which the offer is made;

11.3.2.2 (in the case of the New Ordinary Shares) whichever shall be the greater of:-

- (a) the amount which would be payable on each such share under the provisions of Article 4.2 on a return of capital occurring on the date on which the offer is made; and
- (b) an amount for each New Ordinary Share equal to the price per New Ordinary Share paid or payable by the proposed purchaser in the relevant transaction or any related or previous transaction by the same purchaser or any person acting in concert with the proposed purchaser which price shall be deemed to include any consideration (in cash or otherwise) paid or payable by such purchaser or person acting in concert which, having regard to the substance of the transaction as a whole, is reasonably regarded by the Directors as an addition to the price so paid or payable;

11.3.2.3 (in the case of the Deferred Shares) 1p in total for such shares

Provided That to the extent that any shareholder does not receive the full amount payable on their holdings of shares under the provisions of Articles 11.3.2.1 and/or 11.3.2.2, all such shares for which the full amount referred to in Article 11.3.2.1 or Article 11.3.2.2, as the case may be, has not been received shall be transferred for 1p in total.

11.3.3 be on the terms that the purchase of any Shares in respect of which such offer is accepted shall be completed at the same time as the relevant transaction.

11.4 The Come Along Right may be exercised by the Vendor or the Vendors serving notice to that effect ("the Come Along Notice") to the Called Shareholders at the same time as, or within 7 days following, the making of the offer.

11.5 A Come Along Notice once given shall be irrevocable but shall lapse (and the obligations thereunder shall lapse) in the event that for any reason the Vendor or the Vendors (as the case may be) do not transfer their entire holdings of shares in the Company to the person making the offer ("the Offeror") or the Offeror's nominee

not later than the date specified as the date for completion of the sale and purchase of Shares pursuant to acceptances of the offer.

- 11.6 Upon the exercise of the Come Along Right in accordance with this Article 11, each of the Called Shareholders shall be bound to accept the offer made to it in respect of its entire holding of Shares and to comply with the obligations assumed by virtue of such acceptance.
- 11.7 In the event that any Called Shareholder fails to accept the offer made to him or, having accepted such offer, fails to complete the sale of any of its Shares pursuant to the offer or otherwise fails to take any action required of it under the terms of the offer, the Directors (or any of them) may authorise any person to accept the offer on behalf of the Called Shareholder in question or undertake any action required under the terms of the offer on the part of a Called Shareholder who has accepted the offer. The Directors may in particular authorise any person to execute a transfer of any Shares in favour of the Offeror (or its nominee) and the Company may give a good receipt for the purchase price of such Shares and may register the Offeror (or its nominee) as holder thereof and issue to it certificates for the same. The Called Shareholder shall in such case be bound to deliver up its certificate for its Shares to the Company whereupon the Called Shareholder shall be entitled to receive the purchase price for such Shares which shall in the meantime be held by the Company on trust for the Called Shareholder but without interest. After the name of the Offeror (or its nominee) has been entered in the Register in purported exercise of these powers, the validity of the proceedings shall not be questioned by any person.
- 12.
- 12.1 If a transfer or transfers of New Ordinary Shares (the "Target Shares") to a person who is not a New Ordinary Shareholder (the "proposed transferee") would result in the proposed transferee holding more than 50 per cent in nominal value of all the New Ordinary Shares in issue at that time, then before any such transfer or transfers the proposed transferee must have made an offer in writing to acquire all the other New Ordinary Shares in issue at that time on exactly the same terms as it is proposing to acquire the Target Shares except that:

- 12.1.1 such offer must be open for acceptance for at least 21 days; and
- 12.1.2 if the proposed transferee has acquired any other New Ordinary Shares within the period of 6 months prior to such offer for a greater consideration per share, then the terms of such offer shall be increased to equal such greater consideration per share.
- 12.2 Article 12.1 shall not apply to any transfer:
 - 12.2.1 to which the provisions of Articles 9.1.1 or 9.1.2 apply; or
 - 12.2.2 made with the consent of holders of 90 per cent or more of the New Ordinary Shares.

GENERAL MEETINGS

- 13. In Regulation 37 of Table A there shall be substituted for the words "eight weeks" the words "fourteen days" and after the words "receipt of the requisition" there shall be added the words "and for the avoidance of doubt the requisitionists, or any of them representing more than one half of the total voting rights attached to shares held by all the requisitionists, may, if the Directors shall fail within seven days of receipt of the requisition to give notice of a general meeting for a date not later than fourteen days after receipt of the requisition, convene the meeting requisitioned for such date as they may select (subject to compliance with the provisions of the Act regarding the giving of notice of meetings requisitioned by the members, insofar as consistent with the provisions of this Article)".
- 14. In its application to the Company, the final sentence of Regulation 38 of Table A shall be modified by the insertion of the words "known by the Board of Directors of the Company to be" after the words "to all persons".
- 15. The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors may:-

- 15.1 be deposited at the office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 24 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
 - 15.2 be delivered at the meeting or adjourned meeting at which the person named in the instrument proposes to vote to the Chairman or to the Secretary or to any Director; or
 - 15.3 in the case of a poll, be delivered at the meeting at which the poll was demanded to the Chairman or to the Secretary or to any Director, or at the time and place at which the poll is held to the Chairman or to the Secretary or to any Director or Scrutineer and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.
16. The appointment of an alternate Director by a Director appointed pursuant to Article 18 hereof shall not require approval by a resolution of the Directors, and in its application to the Company, Regulation 65 of Table A be modified accordingly.

APPOINTMENT OF DIRECTORS

- 17.
- 17.1 In its application to the Company, Regulation 78 of Table A shall be modified by the deletion of the words "..... and may also determine the rotation in which any additional Directors are to retire".
 - 17.2 In its application to the Company, Regulation 79 of Table A shall be modified by the deletion of the second and third sentences.
 - 17.3 In its application to the Company, Regulation 84 of Table A shall be modified by the deletion of the third and fourth sentences.

NOMINATED DIRECTORS

18.

18.1 The Majority of the Institutional Investors shall have the right by notice in writing to the Company to appoint up to four Directors of the Company and the following provisions shall have effect:

18.1.1 Any such appointments shall be made by notice in writing to the Company by the Lead Investor (acting on the instructions of the Majority of the Institutional Investors) and the Lead Investor may in like manner at any time and from time to time remove from office any Director appointed pursuant to this Article 18.1 and appoint any person in place of any such Director so removed or who has died or otherwise vacated office;

18.1.2 Upon any resolution pursuant to Section 303 of the Act or Article 20 or otherwise for the removal of any Director appointed by it and for the time being holding office pursuant to this Article 18.1, the Shares held by such Institutional Investor shall confer the right to an aggregate number of votes which is one vote greater than the number of votes capable of being cast on such resolution by all other members of the Company.

18.2 Each Institutional Investor shall have the right to designate a representative to attend, as observer, and speak at all meetings of the Board or of a Committee of the Board. Such representative will be entitled to receive, on a confidential basis, all written materials and other information given to the Board in connection with such meetings at the same time as those materials or information are given to the Board.

CHAIRMAN

19. The Lead Investor (acting on the instructions of the Majority of the Institutional Investors) shall have the right at any time and from time to time by notice in writing to the Board to instruct the Board to appoint one of the Directors of the Company as Chairman of the Board and shall have the right to instruct the Board to remove from

this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the Act, he shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

24. A Director may vote at a meeting of the Directors, and form part of a quorum present at that meeting, in relation to any matter in which he has, directly or indirectly, an interest or duty which conflicts or which may conflict with the interests of the Company, provided that he has previously disclosed the nature of such duty or interest to the Directors. The provisions of Regulation 86 of Table A shall be taken to apply equally to any disclosure to be made under the provisions of this Article.

BORROWING POWERS

25. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking property and uncalled capital, or any part thereof, and, subject to the provisions of Section 80 of the Act and any resolutions of the Company in General Meeting passed pursuant thereto, 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.

EXECUTION OF DOCUMENTS

26. In its application to the Company, Regulation 101 of Table A shall be modified by the addition of the following sentence:-
 "Any instrument expressed to be executed by the Company and signed by two Directors, or by one Director and the Secretary, by the authority of the Directors or of a committee authorised by the Directors shall (to the extent permitted by the Act) have effect as if executed by the seal".

DIVIDENDS

27. Regulations 102 to 105 (inclusive) of Table A shall be subject to Article 4.1 and in Regulation 103 of Table A the words from "If the share capital is divided" to the end of the Regulation shall be deleted.

INDEMNITIES

28. Subject to section 310 of the Act:-

28.1 Every Director or Secretary of the Company shall be entitled to 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 to his office, 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 727 of the Act in which relief is granted to him by the court, and no Director or Secretary 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 otherwise in relation to his office.

28.2 The Directors may purchase and maintain insurance for any such Director or Secretary against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.

certified a true
copy.
A. Stewart
Secretary

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

(Adopted by Special Resolution passed on 11 December 1997)

- of -

FLYING COLOURS LEISURE GROUP LIMITED

INTRODUCTION

- 1.1 The Regulations contained or incorporated 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 ("Table A") shall apply to the Company, save insofar as they are varied or excluded by, or are inconsistent with, the following Articles.
- 1.2 In the last paragraph of Regulation 1 of Table A, the words "and in Articles of Association adopting the same" shall be inserted after the word "regulations" in the first line, the words from "but excluding" to "company" shall be deleted and the sentence "Any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force" shall be inserted at the end of that paragraph.

- 1.3 Regulations 8, 24, 54, 62, 73 to 77 (inclusive) 80, 82, 94 to 98 (inclusive) and 118 of Table A shall not apply to the Company.

DEFINITIONS

In these Articles the following words and expressions shall have the following meanings:-

"the 'AA' Preference Shareholders"	the holders for the time being of the issued 'AA' Preference Shares.
"the 'A' Preference Shareholders"	the holders for the time being of the issued 'A' Preference Shares.
"Business Sale"	any sale, lease, exchange or other transfer or disposal of all or substantially all of the goodwill, assets, undertaking or business of the Company or any member of the Group (whether or not in the ordinary course of business and whether by one transaction or a series of transactions).
"the 'C' Preference Shareholders"	the holders for the time being of the issued 'C' Preference Shares.
"the Deferred Shareholders"	the holders for the time being of the issued Deferred Shares.
"the 'D' Preference Shareholders"	the holders for the time being of the issued 'D' Preference Shares.
"Employee Benefit Trust"	the employee benefit trust of the Company which has been established on the terms of the deed and call option agreement each

entered into on 13 September 1996 by the Company and Flying Colours Trustees Limited.

"the Group"

the Company and its subsidiary undertakings.

"the Institutional Affiliates"

persons to whom Institutions are entitled to transfer Shares in the Company in accordance with Articles 9.1.1 and 9.1.2 of these Articles.

"the Institutional Investors"

holders of shares in the Company who at any relevant time are Institutions and Institutional Affiliates.

"Institutions"

Investment Managers, Investment Funds, nominees of Investment Managers, nominees of Investment Funds, and other financial institutions.

"Investment Fund"

a fund, partnership, company, syndicate or other entity whose principal purpose is to make investments and whose business is managed by an Investment Manager.

"Investment Manager"

a person whose principal business is to make, manage or advise upon investments.

"the Lead Investor"

an Institutional Investor appointed by the Majority of the Institutional Investors to give consents, approvals and directions on behalf of all the Institutional Investors.

"the Loan Stock"	the £6,991,500 ten per cent unsecured subordinated loan stock 2000 of the Company constituted under the Loan Stock Instrument.
"the Loan Stock Instrument"	the loan stock instrument executed by the Company on 12 December 1997 and any document supplemental to it.
"the Majority of the 'AA' Preference Shareholders"	the persons who from time to time beneficially own $66 \frac{2}{3}$ per cent or more in nominal value of the 'AA' Preference Shares in issue at the relevant date.
"the Majority of the Institutional Investors"	the Institutional Investors who at any relevant time beneficially own shares in the Company which together carry the right to 75 per cent or more of the votes which may be cast at general meetings of the Company in accordance with the Article 4.9.1 other than Article 4.9.1.1 or Article 4.9.1.2
"the New Ordinary Shareholders"	the holders for the time being of the issued New Ordinary Shares.
"the Paid Up Amount"	in respect of any share, the amount paid or credited as paid up on that share, including sums paid, or credited as paid, by way of premium.
"Quotation"	the effective admission of any part of the share capital of the Company to any recognised stock exchange.

"Realisation"

any of the following events:-

- (a) the obtaining of a Quotation; or
- (b) the entering into of an agreement or agreements for a Share Sale where such agreement or agreements either is or are unconditional in all respects or which (if originally conditional in any respect) has or have become unconditional in all respects; or
- (c) the entering into of an agreement or agreements for a Business Sale where such agreements or agreements either is or are unconditional in all respects or which (if originally conditional in any respect) has or have become unconditional in all respects.

"Realisation Date"

the date on which a Realisation occurs.

"the Remuneration Committee"

the remuneration committee of the Board of Directors of the Company as from time to time constituted.

"Share Sale"

the sale for cash, shares or any other consideration by one or more members of the Company holding between them shares in the Company which carry the right to in excess of 75 per cent of the votes which may be cast at general meetings of the Company in accordance with Article 4.9, of the legal or beneficial interest in their entire holdings of New Ordinary Shares to a person with whom none of them is connected, as defined

in Section 288 Income and Corporation Taxes Act 1988.

"subsidiary", "subsidiary undertaking" shall have the meanings ascribed thereto in and "holding company" Section 736 of the Act.

SHARE CAPITAL

- 3.1 The share capital of the Company at the date of adoption of these Articles is £8,912,757.83 divided into:
 - 3.1.1 4,000,000 Cumulative Redeemable 'AA' Preference Shares of 10p each ("the 'AA' Preference Shares");
 - 3.1.2 6,371,429 Redeemable 'A' Preference Shares of 10p each ("the 'A' Preference Shares");
 - 3.1.3 7,151,923 Redeemable 'C' Preference Shares of 10p each ("the 'C' Preference Shares");
 - 3.1.4 170,000 Redeemable 'D' Preference Shares of 1p each ("the 'D' Preference Shares");
 - 3.1.5 10,000 New Ordinary Shares of £1 each ("the New Ordinary Shares"); and
 - 3.1.6 714,872,263 Deferred Shares of 1p each ("the Deferred Shares").
- 3.2 In these Articles, unless the context requires otherwise, references to 'AA' Preference Shares, 'A' Preference Shares, 'C' Preference Shares, 'D' Preference Shares, New Ordinary Shares and Deferred Shares shall include shares of those respective classes created and/or issued after the date of adoption of these Articles and ranking pari passu in all respects with the shares of the relevant class then in issue.
4. The 'AA' Preference Shares, 'A' Preference Shares, 'C' Preference Shares, 'D' Preference Shares, New Ordinary Shares and Deferred Shares shall have, and be subject to, the following rights and restrictions:-

4.1 INCOME

4.1.1 The 'AA' Preference Shareholders, the 'A' Preference Shareholders, the 'C' Preference Shareholders, the 'D' Preference Shareholders and the Deferred Shareholders shall not be entitled to a dividend in respect of any 'AA' Preference Shares, 'A' Preference Shares, 'C' Preference Shares, 'D' Preference Shares or Deferred Shares held in any circumstances at any time.

4.1.2 No dividend shall be paid on the New Ordinary Shares while there are any 'AA' Preference Shares, 'A' Preference Shares, 'C' Preference Shares or 'D' Preference Shares in issue.

4.2 CAPITAL

On a return of capital on liquidation or otherwise, the surplus assets of the Company remaining after payment of its liabilities shall be applied:-

4.2.1 First, in repaying to the 'AA' Preference Shareholders up to £4,000,000 representing the Paid Up Amount on each 'AA' Preference Share held.

4.2.2 Second, in repaying to the 'A' Preference Shareholders, the 'C' Preference Shareholders and the 'D' Preference Shareholders up to £14,000,000 of the surplus assets remaining after the payments in Article 4.2.1, apportioned as to 27.143 per cent to the 'A' Preference Shareholders (up to £3,800,000 in aggregate) ("the First 'A' Surplus"), 67.859 per cent to the 'C' Preference Shareholders (up to £9,500,000 in aggregate inclusive of any premium) ("the First 'C' Surplus") and 5 per cent to the 'D' Preference Shareholders (up to £700,000 in aggregate inclusive of any premium) ("the First 'D' Surplus") applied as follows:-

4.2.2.1 the First 'A' Surplus shall be applied in repaying to the 'A' Preference Shareholders the Paid Up Amount on the relevant number of 'A' Preference Shares held; and

4.2.2.2 the First 'C' Surplus shall be applied in repaying to the 'C' Preference Shareholders the Paid Up Amount on the relevant number of 'C' Preference Shares held, together with a premium on the Paid Up Amount equal to £1.2272 on each such 'C' Preference Share; and

4.2.2.3 the First 'D' Surplus shall be applied in repaying to the 'D' Preference Shareholders the nominal amount on the relevant number of 'D' Preference Shares held, together with a premium on the nominal amount equal to £9.99 on each such 'D' Preference Share,

Provided That no repayments shall be made pursuant to this Article 4.2.2 unless such repayments shall be made at the same time to the 'A' Preference Shareholders and the 'C' Preference Shareholders and the 'D' Preference Shareholders in the proportions set out in this Article 4.2.2.

4.2.3 Third, in repaying to the 'A' Preference Shareholders, the 'C' Preference Shareholders and the 'D' Preference Shareholders up to £10,000,000 of the surplus assets remaining after the payments in Articles 4.2.1 and 4.2.2, apportioned as to 25.714 per cent to the 'A' Preference Shareholders (up to £2,571,429 in aggregate) ("the Second 'A' Surplus"), 64.286 per cent to the 'C' Preference Shareholders (up to £6,428,571 in aggregate inclusive of any premium) ("the Second 'C' Surplus") and 10 per cent to the 'D' Preference Shareholders (up to £1,000,000 in aggregate inclusive of any premium) ("the Second 'D' Surplus"), and applied as follows:-

4.2.3.1 the Second 'A' Surplus shall be applied in repaying to the 'A' Preference Shareholders the Paid Up Amount on the relevant number of 'A' Preference Shares held; and

4.2.3.2 the Second 'C' Surplus shall be applied in repaying to the 'C' Preference Shareholders the Paid Up Amount on the relevant number of 'C' Preference Shares held, together with a premium on

the Paid Up Amount equal to £1.2272 on each such 'C' Preference Share; and

- 4.2.3.3 the Second 'D' Surplus shall be applied in repaying to the 'D' Preference Shareholders, the nominal amount on the relevant number of 'D' Preference Shares held, together with a premium on the nominal amount equal to £9.99 on each such 'D' Preference Share,

Provided That no repayments shall be made pursuant to this Article 4.2.3 unless such repayments are made at the same time to the 'A' Preference Shareholders and the 'C' Preference Shareholders and the 'D' Preference Shareholders in the proportions set out in this Article 4.2.3.

- 4.2.4 Fourth, in repaying to the New Ordinary Shareholders the Paid Up Amount on each New Ordinary Share held.

- 4.2.5 Fifth, in distributing any balance as follows:-

- 4.2.5.1 first, in distributing up to £1,500 million amongst the New Ordinary Shareholders according to the nominal amounts on the New Ordinary Shares held by them respectively; and
- 4.2.5.2 second, in distributing any remaining balance amongst the Deferred Shareholders pro rata according to the Paid Up Amounts on the Deferred Shares held by them respectively.

4.3 **NO REDEMPTION OF NEW ORDINARY SHARES OR DEFERRED SHARES**

The New Ordinary Shares and the Deferred Shares shall not be redeemable in any circumstances at any time.

4.4 **REDEMPTION OF 'AA' PREFERENCE SHARES**

- 4.4.1 The Company shall, subject to:

- 4.4.1.1 the provisions of the Act; and

4.4.1.2 all amounts of principal, interest and other monies payable on the Loan Stock having been paid and/or repaid by the Company in full,

redeem all the 'AA' Preference Shares for the time being in issue on the earlier of:

4.4.1.3 30 June 2015; and

4.4.1.4 a Realisation Date,

and the Company shall not be entitled to redeem any of the 'AA' Preference Shares on any other date.

4.4.2 If the Company shall be unable, in compliance with Article 4.4.1.1 and/or Article 4.4.1.2, to redeem all or any of the 'AA' Preference Shares falling due for redemption on the due date for redemption thereof, then the Company shall redeem such 'AA' Preference Shares as soon after such date as the Company shall be able to do so in compliance with the said Articles.

4.4.3 In the case of any partial redemption of the 'AA' Preference Shares under this Article 4.4, the Company shall redeem a proportion of each 'AA' Preference Shareholder's holding of 'AA' Preference Shares falling due for redemption corresponding to the proportion which the number of 'AA' Preference Shares falling due for redemption bears to the number of 'AA' Preference Shares issued and outstanding immediately prior to the date of the proposed redemption without involving the redemption of fractions of 'AA' Preference Shares by the rounding down of any fraction.

4.4.4 On any date for redemption of the 'AA' Preference Shares each of the holders of the shares concerned shall deliver to the Company at the Company's registered office the certificates for such of the shares concerned as are held by him in order that they may be cancelled. Upon such delivery, the Company shall pay to such holder the full amount due to him in respect of such redemption PROVIDED THAT if any 'AA' Preference Shareholder fails to deliver such certificates, the Company shall nevertheless be entitled to redeem (and to treat as redeemed for all purposes) the 'AA' Preference Shares to which such certificates relate upon payment to such holder of the

full amount due to him in respect of the redemption of such 'AA' Preference Shares. If any certificate delivered to the Company includes any 'AA' Preference Shares which are not to be redeemed on that occasion, a fresh certificate for such shares shall be issued to the holder delivering such certificate to the Company.

- 4.4.5 There shall be paid on each 'AA' Preference Share redeemed the Paid Up Amount thereon.

4.5 REDEMPTION OF A PREFERENCE SHARES

- 4.5.1 No 'A' Preference Shares shall be redeemed at any time when there are outstanding any amounts of principal or interest or any other monies payable on the Loan Stock, or 'AA' Preference Shares in issue and all of the following provisions of this Article 4.5 are subject to the provisions of this Article 4.5.1 and to Article 4.8.

- 4.5.2 The Company shall, subject to Article 4.5.1 and the provisions of the Act, redeem the whole of the 'A' Preference Shares for the time being in issue on the earlier of:-

4.5.2.1 30 June 2015; and

4.5.2.2 a Realisation Date,

and the Company shall not be entitled to redeem any of the 'A' Preference Shares on any other date.

- 4.5.3 If the Company shall be unable, in compliance with Article 4.5.1 or the provisions of the Act, to redeem all or any of the 'A' Preference Shares in accordance with Article 4.5.2 on the due date for redemption thereof, then the Company shall redeem such shares as soon after such date as the Company shall be able to do so in compliance with Article 4.5.1 and the provisions of the Act.

4.5.4 In the case of any partial redemption under this Article 4.5, the Company shall redeem a proportion of the holding of each 'A' Preference Shareholder corresponding to the proportion which the number of 'A' Preference Shares proposed to be redeemed bears to the number of 'A' Preference Shares issued and outstanding immediately prior to the date of the proposed redemption without involving the redemption of fractions of 'A' Preference Shares by the rounding down of any fraction.

4.5.5 On any date for redemption of the 'A' Preference Shares each of the holders of the shares concerned shall deliver to the Company at the Company's registered office the certificates for such of the shares concerned as are held by him in order that they may be cancelled. Upon such delivery, the Company shall pay to such holder the amount due to him in respect of such redemption PROVIDED THAT if any 'A' Preference Shareholder fails to deliver such certificates, the Company shall nevertheless be entitled to redeem (and to treat as redeemed for all purposes) the 'A' Preference Shares to which such certificates relate upon payment to such holder of the full amount due to him in respect of the redemption of such 'A' Preference Shares. If any certificate delivered to the Company includes any 'A' Preference Shares which are not to be redeemed on that occasion, a fresh certificate for such shares shall be issued to the holder delivering such certificate to the Company.

4.5.6 The 'A' Preference Shares shall be redeemed in accordance with Article 4.8 and, subject to the provisions of Article 4.8, there shall be paid on each 'A' Preference Share redeemed the Paid Up Amount thereon.

4.6 REDEMPTION OF C PREFERENCE SHARES

4.6.1 No 'C' Preference Shares shall be redeemed at any time when there are outstanding any amounts of principal or interest or any other monies payable on the Loan Stock, or 'AA' Preference Shares in issue and all of the

following provisions of this Article 4.6 are subject to the provisions of this Article 4.6.1 and to Article 4.8.

4.6.2 The Company shall, subject to Article 4.6.1 and the provisions of the Act, redeem the whole of the 'C' Preference Shares for the time being in issue on the earlier of:-

4.6.2.1 30 June 2015; and

4.6.2.2 a Realisation Date,

and the Company shall not be entitled to redeem any of the 'C' Preference Shares on any other date.

4.6.3 If the Company shall be unable, in compliance with Article 4.6.1 or the provisions of the Act, to redeem all or any of the 'C' Preference Shares in accordance with Article 4.6.2 on the due date for redemption thereof, then the Company shall redeem such shares as soon after such date as the Company shall be able to do so in compliance with Article 4.6.1 and the provisions of the Act.

4.6.4 In the case of any partial redemption under this Article 4.6, the Company shall redeem a proportion of the holding of each 'C' Preference Shareholder corresponding to the proportion which the number of 'C' Preference Shares proposed to be redeemed bears to the number of 'C' Preference Shares issued and outstanding immediately prior to the date of the proposed redemption without involving the redemption of fractions of 'C' Preference Shares by the rounding down of any fraction.

4.6.5 On any date for redemption of the 'C' Preference Shares each of the holders of the shares concerned shall deliver to the Company at the Company's registered office the certificates for such of the shares concerned as are held by him in order that they may be cancelled. Upon such delivery, the Company shall pay to such holder the amount due to him in respect of such

redemption PROVIDED THAT if any 'C' Preference Shareholder fails to deliver such certificates, the Company shall nevertheless be entitled to redeem (and to treat as redeemed for all purposes) the 'C' Preference Shares to which such certificates relate upon payment to such holder of the full amount due to him in respect of the redemption of such 'C' Preference Shares. If any certificate delivered to the Company includes any 'C' Preference Shares which are not to be redeemed on that occasion, a fresh certificate for such shares shall be issued to the holder delivering such certificate to the Company.

4.6.6 The 'C' Preference Shares shall be redeemed in accordance with Article 4.8 and, subject to the provisions of Article 4.8, there shall be paid on each 'C' Preference Share redeemed :-

4.6.6.1 in the case of a redemption due on 30 June 2015, the Paid Up Amount thereon; or

4.6.6.2 in the case of a redemption due on a Realisation Date, the Paid Up Amount thereon, together with a premium on the Paid Up Amount equal to £1.2272 per 'C' Preference Share.

4.7 **REDEMPTION OF D PREFERENCE SHARES**

4.7.1 No 'D' Preference Shares shall be redeemed at any time when there are outstanding any amounts of principal or interest or any other monies payable on the Loan Stock, or 'AA' Preference Shares in issue and all of the following provisions of this Article 4.7 are subject to the provisions of this Article 4.7.1 and to Article 4.8.

4.7.2 The Company shall, subject to Article 4.7.1 and the provisions of the Act, redeem the whole of the 'D' Preference Shares for the time being in issue on the earlier of:-

4.7.2.1 30 June 2015; and

4.7.2.2 a Realisation Date,

and the Company shall not be entitled to redeem any of the 'D' Preference Shares on any other date.

- 4.7.3 If the Company shall be unable, in compliance with Article 4.7.1 or the provisions of the Act, to redeem all or any of the 'D' Preference Shares in accordance with Article 4.7.2 on the due date for redemption thereof, then the Company shall redeem such shares as soon after such date as the Company shall be able to do so in compliance with Article 4.7.1 and the provisions of the Act.
- 4.7.4 In the case of any partial redemption under this Article 4.7, the Company shall redeem a proportion of the holding of each 'D' Preference Shareholder corresponding to the proportion which the number of 'D' Preference Shares proposed to be redeemed bears to the number of 'D' Preference shares issued and outstanding immediately prior to the date of the proposed redemption without involving the redemption of fractions of 'D' Preference Shares by the rounding down of any fraction.
- 4.7.5 On any date for redemption of the 'D' Preference Shares each of the holders of the shares concerned shall deliver to the Company at the Company's registered office the certificates for such of the shares concerned as are held by him in order that they may be cancelled. Upon such delivery, the Company shall pay to such holder the amount due to him in respect of such redemption PROVIDED THAT if any 'D' Preference Shareholder fails to deliver such certificates, the Company shall nevertheless be entitled to redeem (and to treat as redeemed for all purposes) the 'D' Preference Shares to which such certificates relate upon payment to such holder of the full amount due to him in respect of the redemption of such 'D' Preference Shares. If any certificate delivered to the Company includes any 'D' Preference Shares which are not to be redeemed on that occasion, a fresh

certificate for such shares shall be issued to the holder delivering such certificate to the Company.

4.7.6 The 'D' Preference Shares shall be redeemed in accordance with Article 4.8 and, subject to the provisions of Article 4.8, there shall be paid on each 'D' Preference Share redeemed:

4.7.6.1 in the case of a redemption due on 30 June 2015, the nominal amount thereon; or

4.7.6.2 in the case of a redemption due on a Realisation Date, the nominal amount thereon, together with a premium on the nominal amount equal to £9.99 per 'D' Preference Share.

4.8 **ORDER OF PRIORITY ON REDEMPTION**

On any redemption of shares in the capital of the Company pursuant to these Articles on a Realisation Date, the amount available for redemption of such shares ("the Redemption Amount") shall be applied in the following order of priority:-

4.8.1 First, up to £4,000,000 of the Redemption Amount in redeeming outstanding 'AA' Preference Shares in accordance with Article 4.4.

4.8.2 Second, up to £14,000,000 of the Redemption Amount remaining after redemption of the 'AA' Preference Shares ("the Second Tranche") in redeeming at the same time 'A' Preference Shares and 'C' Preference Shares (inclusive of any premium payable on the Paid Up Amount) and 'D' Preference Shares (inclusive of any premium on the nominal amount) in accordance with Articles 4.5, 4.6 and 4.7 respectively in the proportions 27.143 per cent of the Second Tranche to the 'A' Preference Shareholders (up to £3,800,000 in aggregate) in redeeming outstanding 'A' Preference Shares, 67.859 per cent of the Second Tranche to the 'C' Preference Shareholders (up to £9,500,000 in aggregate) in redeeming outstanding 'C' Preference Shares and 5 per cent of the Second Tranche to the 'D' Preference Shareholders (up

to £700,000 in aggregate) in redeeming outstanding 'D' Preference Shares Provided That no redemptions shall be made pursuant to this Article 4.8.2 unless such redemptions shall be made in the proportions set out in this Article 4.8.2.

4.8.3 Third, up to £10,000,000 of the Redemption Amount remaining after redemption of 'A' Preference Shares, 'C' Preference Shares and 'D' Preference Shares in accordance with Article 4.8.2 ("the Third Tranche") in redeeming at the same time 'A' Preference Shares, 'C' Preference Shares (inclusive of any premium payable on the Paid Up Amount), and 'D' Preference Shares (inclusive of any premium on the nominal amount) in accordance with Articles 4.5, 4.6 and 4.7 respectively in the proportions 25.714 per cent of the Third Tranche to the 'A' Preference Shareholders (up to £2,571,429 in aggregate) in redeeming outstanding 'A' Preference Shares, 64.286 per cent of the Third Tranche to the 'C' Preference Shareholders (up to £6,428,571 in aggregate) in redeeming outstanding 'C' Preference Shares and 10 per cent of the Third Tranche to the 'D' Preference Shareholders (up to £1,000,000 in aggregate) in redeeming outstanding 'D' Preference Shares Provided That no redemptions shall be made pursuant to this Article 4.8.3 unless such redemptions shall be made in the proportions set out in this Article 4.8.3.

4.9 VOTING

4.9.1 The only members entitled to vote at general or other meetings of the Company shall be holders of 'A' Preference Shares and 'C' Preference Shares subject to:

4.9.1.1 where these Articles expressly permit the holders of 'AA' Preference Shares to vote at these meetings; and

4.9.1.2 any special rights or restrictions as to voting attached to any shares.

At all general and other meetings of the Company the 'A' Preference Shares and the 'C' Preference Shares shall be treated as one class of share.

Save as otherwise provided in this Article 4.9, at all general and other meetings of the Company, each member who is entitled to vote and who (being an individual) is present in person or (being a corporation) is present by a representative shall have one vote and on a poll:

4.9.1.3 each 'A' Preference Shareholder who is present in person or by a proxy or (being a corporation) by a representative shall have one vote for every 'A' Preference Share of which he is the holder; and

4.9.1.4 each 'C' Preference Shareholder who is present in person or by a proxy or (being a corporation) by a representative shall have two hundred and twenty-two votes for every full one hundred 'C' Preference Shares of which he is the holder.

4.9.2 The 'AA' Preference Shareholders shall be entitled to receive notice of, and attend, and speak at all general or other meetings of the Company but, save as provided in Article 4.9.3, they shall not be entitled to vote at any such meeting in respect of the 'AA' Preference Shares held by them.

4.9.3 A Majority of the 'AA' Preference Shareholders shall be entitled to convene an Extraordinary General Meeting of the Company at any time after a Trigger Date for the purpose of considering a resolution or resolutions to approve the terms of any additional capital support for the Company, and for this purpose to consider a resolution or resolutions to appoint additional Directors as follows ("the Additional Capital Procedure"):-

- (a) the 'AA' Preference Shareholders will notify the 'C' Preference Shareholders that a Trigger Date has occurred as soon as reasonably practicable after becoming aware thereof;
- (b) prior to convening such an Extraordinary General Meeting, the 'AA' Preference Shareholders will in good faith enter into discussions with the 'C' Preference Shareholders with a view to agreeing terms for the additional capital support;
- (c) in the event that agreement cannot be reached within 30 days after commencement of discussions, the 'AA' Preference Shareholders shall

have the right to determine the terms of such additional capital support at its discretion subject to the following:-

- (i) in the case of the 'A' Preference Shares, 'C' Preference Shares and 'D' Preference Shares, such terms must preserve the relative rights of such shares as set out in Articles 4.2.2, 4.2.3, 4.8.2 and 4.8.3;
- (ii) such terms do not provide for the creation of further 'A' Preference Shares, 'C' Preference Shares or 'D' Preference Shares in the capital of the Company, or instruments which may be converted into such shares;
- (iii) the 'C' Preference Shareholders will have the right to participate in the additional capital support for the entire amount or, at their discretion, for part of such amount;
- (iv) the 'AA' Preference Shareholders will underwrite such additional capital support and will participate in such amount thereof which is not taken by the 'C' Preference Shareholders on the same terms as have been offered to the 'C' Preference Shareholders;
- (v) any additional Directors appointed pursuant to this Article 4.9.3 shall be removed immediately following the implementation of the additional capital support.

At any such Meeting the quorum shall be persons holding $66\frac{2}{3}$ per cent or more in nominal value of the 'AA' Preference Shares and those 'AA' Preference Shareholders voting in favour of any or all of the resolutions referred to above shall be entitled on each such resolution to votes equal to three times the number of votes cast against the relevant resolution. At any such meeting only the 'AA' Preference Shareholders may vote on any resolution relating to its adjournment. For the purposes of this Article 4.9.3, a Trigger Date shall be deemed to have occurred:

- (a) on the date falling 7 days after any failure by the Company to deliver to the 'AA' Preference Shareholders any certificate

which the Company is obliged to deliver to the 'AA' Preference Shareholders; or

- (b) on the date of delivery to the 'AA' Preference Shareholders of any certificate produced by the Company pursuant to an obligation to the 'AA' Preference Shareholders:

4.9.3.1 if a genuine offer for the shares in or business of the Company has been made by a third party on an arm's length basis within the twelve month period immediately preceding any date referred to in sub-clauses (a) or (b) above and such offer would provide for or permit the repayment of all outstanding amounts of principal, interest and other monies payable on the Loan Stock and the redemption of all outstanding 'AA' Preference Shares in accordance with Article 4.4 and such offer has been rejected by any of the holders of 'C' Preference Shares but accepted by the holders of all the 'A' Preference Shares; and

4.9.3.2 if the certificate referred to above does not state that in the reasonable opinion of the Board the Group is likely to achieve the net free assets which the CAA will require of it as a condition to the next renewal of the Company's air travel organisers' licences.

4.9.4 The 'D' Preference Shareholders and the New Ordinary Shareholders shall be entitled to receive notice of, and attend, and speak at all general and other meetings of the Company but they shall not be entitled to vote at any such meeting in respect of the 'D' Preference Shares and/or New Ordinary Shares held by them.

4.9.5 The Deferred Shareholders shall not be entitled to receive notice of, or attend, or speak at any general or other meetings of the Company and shall not be entitled to vote at any such meeting in respect of the Deferred Shares held by them.

5. VARIATION OF CLASS RIGHTS

5.1 Whenever the capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern, or during or in contemplation of a winding up, with the consent in writing of the holders of three fourths of the issued shares of that class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of that class, but not otherwise Provided That, in the case of the New Ordinary Shares, the special rights attached to that class may only be varied or abrogated:

- (a) with the consent in writing of the holders of three fourths of the issued New Ordinary Shares or with the sanction of an Extraordinary Resolution passed at a separate meeting of the New Ordinary Shareholders; and
- (b) if, of the total number of New Ordinary Shareholders who are also 'AA' Preference Shareholders, not less than three fourths of such New Ordinary Shareholders who are also 'AA' Preference Shareholders have consented to or sanctioned such variation or abrogation. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company shall apply mutatis mutandis except that:-
 - (a) the necessary quorum shall be at least two persons holding or representing by proxy one third in nominal amount of the issued shares of the class, but so that at any adjourned meeting of such holders at which such a quorum is not present the holder or holders present shall be a quorum; and
 - (b) the holders of shares of the class in question shall on a poll have one vote in respect of every share of the class held by them respectively; and
 - (c) for the purpose of this Article 5 the issued 'A' Preference Shares and the issued 'C' Preference Shares and the issued 'D' Preference Shares shall be treated as one class of share and at any class meeting held pursuant to Articles 5.3, 5.4 and/or 5.5 each 'C' Preference Shareholder shall be entitled to two hundred and twenty-two votes for every full one hundred 'C' Preference Shares it holds; and

- (d) for the avoidance of doubt, the rights attached to any class of shares shall be deemed not to be varied by any of the resolutions or related matters referred to in Article 4.9.3.

5.2 It is a term of issue of the 'AA' Preference Shares that the following matters shall be deemed to constitute a variation of the rights attached to the 'AA' Preference Shares:

- (a) the creation or issue of any further shares in the capital of the Company:
 - (i) ranking as to redemption or capital in priority to, or pari passu with, the 'AA' Preference Shares; or
 - (ii) redeemable on or prior to 30 June 2015 or a Realisation Date; or
 - (iii) carrying a right to a dividend at any time when there are 'AA' Preference Shares in issue; or
- (b) any resolution to alter the date on which the 'AA' Preference Shares may be redeemed or to bring forward the date on which any other class of redeemable share in the Company is expressed to be redeemable; or
- (c) any resolution to alter (whether directly by reducing the amount stated to be so payable or indirectly by altering the amount payable to any other shareholder thereby reducing the proportionate entitlement of the 'AA' Preference Shareholders) the amount payable to the 'AA' Preference Shareholders on any redemption of the 'AA' Preference Shares held by them; or
- (d) any resolution to alter (whether directly by reducing the amount stated to be so payable or indirectly by altering the amount payable to any other shareholder thereby reducing the proportionate entitlement of the 'AA' Preference Shareholders) the amount payable to the 'AA' Preference Shareholders in respect of the 'AA' Preference Shares held by them on a return of capital on liquidation or otherwise; or
- (e) any resolution to alter the voting rights of the 'AA' Preference Shares (whether directly by reducing the voting entitlement of the 'AA' Preference Shares or indirectly by increasing the voting entitlement of any other class of shares or creating new classes of shares with voting rights).

5.3 It is a term of issue of the 'A' Preference Shares that the following matters shall be deemed to constitute a variation of the rights attached to the 'A' Preference Shares:

- (a) the creation or issue of any further shares in the capital of the Company:
 - (i) ranking as to redemption or capital in priority to, or pari passu with, the 'A' Preference Shares; or
 - (ii) redeemable on or prior to 30 June 2015 or a Realisation Date; or
 - (iii) carrying a right to a dividend at any time when there are 'A' Preference Shares in issue; or
- (b) any resolution to alter the date on which the 'A' Preference Shares may be redeemed or to bring forward the date on which any other class of redeemable share in the Company is expressed to be redeemable; or
- (c) any resolution to alter (whether directly by reducing the amount stated to be so payable or indirectly by altering the amount payable to any other shareholder thereby reducing the proportionate entitlement of the 'A' Preference Shareholders) the amount payable to the 'A' Preference Shareholders on any redemption of the 'A' Preference Shares held by them ;
or
- (d) any resolution to alter (whether directly by reducing the amount stated to be so payable or indirectly by altering the amount payable to any other shareholder thereby reducing the proportionate entitlement of the 'A' Preference Shareholders) the amount payable to the 'A' Preference Shareholders in respect of the 'A' Preference Shares held by them on a return of capital on liquidation or otherwise; or
- (e) any resolution to alter the voting rights of the 'A' Preference Shares (whether directly by reducing the voting entitlement of the 'A' Preference Shares or indirectly by increasing the voting entitlement of any other class of shares or creating new classes of shares with voting rights).

5.4 It is a term of issue of the 'C' Preference Shares that the following matters shall be deemed to constitute a variation of the rights attached to the 'C' Preference Shares:

- (a) the creation or issue of any further shares in the capital of the Company:

- (i) ranking as to redemption or capital in priority to, or pari passu with, the 'C' Preference Shares; or
- (ii) redeemable on or prior to 30 June 2015 or a Realisation Date; or
- (iii) carrying a right to a dividend at any time when there are 'C' Preference Shares in issue; or
- (b) any resolution to alter the date on which the 'C' Preference Shares may be redeemed; or
- (c) any resolution to alter (whether directly by reducing the amount stated to be so payable or indirectly by altering the amount payable to any other shareholder thereby reducing the proportionate entitlement of the 'C' Preference Shareholders) the amount payable to the 'C' Preference Shareholders on any redemption of the 'C' Preference Shares held by them; or
- (d) any resolution to alter (whether directly by reducing the amount stated to be so payable or indirectly by altering the amount payable to any other shareholder thereby reducing the proportionate entitlement of the 'C' Preference Shareholders) the amount payable to the 'C' Preference Shareholders in respect of the 'C' Preference Shares held by them on a return of capital on liquidation or otherwise. ; or
- (e) any resolution to alter the voting rights of the 'C' Preference Shares (whether directly by reducing the voting entitlement of the 'C' Preference Shares or indirectly by increasing the voting entitlement of any other class of shares or creating new classes of shares with voting rights).

5.5 It is a term of issue of the 'D' Preference Shares, New Ordinary Shares and Deferred Shares that the rights attached to such shares shall be deemed not to be varied by the occurrence of any of the following events:-

- (a) the creation or issue of any further shares in the capital of the Company; or
- (b) the creation or issue or granting of any options or other rights over, or of securities convertible into, any of the shares for the time being in the capital of the Company; or
- (c) any increase in or alteration or variation or reduction of the authorised or issued capital of the Company, or any alteration or variation of any of the

- rights attached to or any redemption or purchase by the Company of any of the shares for the time being in the capital of the Company; or
- (d) any resolution to reduce, or any reduction in, the issued share capital of the Company, or any uncalled liability in respect thereof, or the amount (if any) standing to the credit of the share premium account or capital redemption reserve of the Company; or
 - (e) any resolution to purchase, or any purchase of, the Company's own shares by the Company; or
 - (f) any resolution (whether pursuant to Part II of the Act or otherwise) to change the classification or status of the Company; or
 - (g) any alteration to the Memorandum of Association or Articles of Association of the Company; or
 - (h) any resolution to wind up the Company; or
 - (i) any sale, transfer or other disposal by the Company of the whole or part of its undertaking, business or assets; or
 - (j) the transfer by the Company of any profits to reserves or the taking of any other action (excluding the lawful payment of dividends) which will or may reduce the amount of its profits available for distribution; or
 - (k) the capitalisation by the Company of any profits (whether or not available for distribution and including profits standing to any reserve) of any sum standing to the credit of its share premium account or capital redemption reserve; or
 - (l) any suspension or relaxation by the Company of any provision of its articles of association which prohibits a director from voting at a meeting of the directors or of a committee of the directors in certain circumstances; or
 - (m) any sale, transfer or other disposal by the Company of all or any part of, or any interest in, the shares of any of its subsidiary undertakings; or
 - (n) the giving, variation, revocation or renewal of an authority for allotment under section 80 of the Companies Act 1985.

5.6 It is a term of issue of the 'AA' Preference Shares, 'A' Preference Shares and 'C' Preference Shares that, save in respect of the matters set out in Articles 5.2, 5.3 and 5.4, none of the matters set out in Article 5.5 shall be deemed to be a variation of the rights attached to such shares.

ISSUES OF SHARES AND LIEN

- 6.1 No allotment of any shares in the Company or any other securities conferring a right to subscribe for shares in the Company ("New Securities") shall be made unless such New Securities are first offered to existing holders of New Ordinary Shares in proportion as nearly as may be to their holdings of New Ordinary Shares at the date of such offer PROVIDED THAT this Article 6.1 shall not apply to any New Securities issued pursuant to the Additional Capital Procedure set out in Article 4.9.3 and PROVIDED FURTHER THAT if the Company offers to allot to each holder of New Ordinary Shares on the same terms equity securities (as defined in section 94 of the Act) and Non-Equity Shares in proportions which are the same as nearly as practicable for all the holders of New Ordinary Shares, no person to whom any such offer is made shall be entitled to accept the offer in relation to such equity securities unless he also accepts the offer in relation to such Non-Equity Shares. For these purposes, "Non-Equity Shares" means any shares which, upon issue, would not comprise part of the equity share capital (as defined in section 744 of the Act) of the Company. Any offer made in accordance with this Article 6.1 shall be made by notice in writing specifying the number of New Securities offered and specifying a time period (being not less than 21 days) within which, the offer, if not accepted, will be deemed to have been declined. After the expiry of such time period, the New Securities so deemed to have been declined shall be offered in the proportion referred to above to those holders of New Ordinary Shares who have within the specified time period accepted all the New Securities offered to them. Any such further offer shall be made in the same manner and on the same terms as the original offer and shall specify a like time period within which it must be accepted. Any New Securities not accepted pursuant to such further offer may be allotted or otherwise disposed of in such manner as the Directors think fit.
- 6.2 No allotment of any equity securities (as defined in section 94 of the Act) other than New Money Shares shall be made. For this purpose, "New Money Shares" means shares in the capital of the Company in respect of which the subscription proceeds (a) are to be utilised by the Company for the ongoing capital requirements of the Company and its subsidiaries in connection with their trading activities and (b) are

not to be utilised, directly or indirectly, by the Company for the purpose of, or in connection with, the payment of dividends on any shares in the capital of the Company or the redemption of shares in the capital of the Company or the return of capital (in any form and in any manner) to the holders of shares in the capital of the Company.

- 6.3 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.
- 6.4 The Company shall have a first and paramount lien on every share (whether or not fully paid) for all and any indebtedness of any holder thereof to the Company (whether a sole holder or one of two or more joint holders), whether or not such indebtedness or liability is in respect of the shares concerned and whether or not it is presently payable.

7. TRANSFER OF SHARES

- 7.1 The Directors shall be required (subject only to Articles 7.2 and 7.3) to register promptly any transfer of shares made in accordance with the provisions of Articles 9, 10 and 11, but shall not register any transfer of shares not so made without the prior written consent of the Majority of the Institutional Investors.

- 7.2 The Directors may refuse to register a transfer unless:

- (a) it is lodged at the office or such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; and
- (b) it is in favour of not more than four transferees.

- 7.3 The Directors may also refuse to register a transfer if it is:

- (a) the transfer of a share which is not fully paid to a person of whom they do not approve; or

- (b) the transfer of a share on which the Company has a lien; or
- (c) the transfer of a share to a bankrupt, a minor or a person of unsound mind.

8. In this Article and in Articles 9, 10 and 11, the following words shall bear the following meanings:-

"Acceptance Period"	a period during which an offer made under Article 10.4 is open for acceptance.
"Bad Leaver"	an Employee to whom Article 10.11 applies who ceases to be an Employee other than in circumstances constituting him a Good Leaver.
"company"	includes any body corporate.
"Employee"	an individual who is employed by the Company or any of its subsidiaries or an individual whose services are made available to the Company or any of its subsidiaries under the terms of an agreement between the Company or any of its subsidiaries and such individual or any other person (and "contract of employment" shall be construed accordingly to include such an agreement).
"Equivalent Proportion"	means, in relation to the transfer by a Member at the same time of part of his holding of 'AA' Preference Shares and/or part of his holding of 'A' Preference Shares and/or part of his holding of 'C' Preference Shares and/or part of his holding of 'D' Preference Shares and/or part of his holding of New Ordinary Shares and/or part of his holding of Deferred Shares

that the following proportions must be the same:-

- (a) the proportion which such part holding of 'AA' Preference Shares bears to his total holding of 'AA' Preference Shares (including such part holding); and/or
- (b) the proportion which such part holding of 'A' Preference Shares bears to his total holding of 'A' Preference Shares (including such part holding); and/or
- (c) the proportion which such part holding of 'C' Preference Shares bears to his total holding of 'C' Preference Shares (including such part holding); and/or
- (d) the proportion which such part holding of 'D' Preference Shares bears to his total holding of 'D' Preference Shares (including such part holding); and/or
- (e) the proportion which such part holding of New Ordinary Shares bears to his total holding of New Ordinary Shares (including such part holding); and/or
- (f) the proportion which such part holding of Deferred Shares bears to his total holding of Deferred Shares (including such part holding).

"Excluded Person"

- (a) any Member (or other person entitled to shares in the manner set out in Article 10.10) who is required by the Remuneration Committee to give a Transfer Notice under Article 10.10;
- (b) any Member or other person who has been required to give a Transfer Notice

under Article 10.10 or 10.11 (whether or not that requirement has been complied with), but so that such Member or other person shall cease to be an Excluded Person if, at the end of the relevant Acceptance Period, the Company has failed to find persons wishing to purchase all the Sale Shares which are the subject of the Transfer Notice;

- (c) any Employee who has given, or been given, notice to terminate his contract of employment with the Company or any subsidiary of the Company (otherwise than in consequence of sickness, disability or incapacity or in contemplation of retirement at normal retirement age, as determined by his employing company's policy in that regard for the time being).

"Family Trusts"

in relation to any individual means trusts (whether arising under a settlement inter vivos, declaration of trust or other instrument or under a testamentary disposition or on an intestacy) under which no beneficial interest in any of the Shares in question is for the time being vested in any person other than that individual and/or Privileged Relations of that individual and any other individual (whether or not related to that individual), company, trustee or charity which may be added to the class of beneficiaries of any Family Trusts with the prior consent of the Remuneration Committee. For these purposes a person shall

be deemed to be beneficially interested in a Share if that Share or the income derived from it is or may become liable to be transferred or paid or applied or appointed to or for the benefit of that person. A company wholly owned by a trust which conforms to the foregoing definition of a Family Trust shall be treated for all purposes of these Articles as if it were a Family Trust.

"Good Leaver"

an Employee to whom Article 10.11 applies who ceases to be an Employee as a result of death, mental illness or ill health or physical or mental incapacity.

"Member"

a holder of Shares.

"a member of the same group"

as regards any company, a company which is for the time being a holding company or a subsidiary of that company or of any such holding company.

"the Prescribed Price"

the price per Sale Share specified in the Transfer Notice or (if no price is specified)

- in the case of New Ordinary Shares, the price per Sale Share agreed or determined pursuant to Article 10.3;
- in the case of 'AA' Preference Shares and 'A' Preference Shares and 'C' Preference Shares and 'D' Preference Shares, the amount which would be payable on each such share under the provisions of Article 4.2 upon a return of capital occurring on the date on

which the Transfer Notice is given (or deemed given);

Provided That for Deferred Shares the Prescribed Price shall always be 1p in total.

"Priority Rights"

the rights of Members and/or the Employee Benefit Trust to purchase Shares comprised in a Transfer Notice in the order of priority stipulated in Article 10.5.

"Privileged Relations"

the spouse, common law spouse, parents and every child and remoter descendant of an individual (including stepchildren and adopted children).

"Proposing Transferor"

a Member proposing to transfer or dispose of Shares or any interest therein.

"Purchaser"

a Member or the Employee Benefit Trust willing to purchase Shares comprised in a Transfer Notice.

"the Sale Shares"

all Shares comprised in a Transfer Notice.

"Shares"

'AA' Preference Shares, 'A' Preference Shares, 'C' Preference Shares, 'D' Preference Shares, New Ordinary Shares and/or Deferred Shares.

"subsidiary"

has the meaning given by Section 736 of the Companies Act 1985.

"Transferee Company"

a company for the time being holding Shares in consequence of a transfer or series of transfers of Shares between members of the same group

(the relevant Transferor Company in the case of a series of transfers being the first transferor in that series).

"Transfer Notice"

a written notice served or deemed to be served by a Member on the Company in accordance with Article 10.

"Transferor Company"

a company (other than a Transferee Company) which has transferred shares to a member of the same group.

9.1 Subject to the provisions of Article 7, any Shares may at any time be transferred:-

9.1.1 by any Institutional Investor being a company to a member of the same group as the Transferor Company; or

9.1.2 by any Institutional Investor to:-

(A) where the Institutional Investor is an Investment Manager or a nominee of an Investment Manager:-

- (i) any participant or partner in or member of any Investment Fund in respect of which the Shares are held (but only in connection with the dissolution of such Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund);
- (ii) any Investment Fund whose business is managed by the Investment Manager who is or whose nominee is the transferor;
- (iii) any other Investment Manager who manages the business of the Investment Fund in respect of which the shares are held;

(B) where the Institutional Investor is an Investment Fund or a nominee of an Investment Fund:-

- (i) any participant or partner in or member of the Investment Fund which is or whose nominee is the transferor (but only in connection with the dissolution of such Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund) or, in the case of shares held by Phildrew Nominees Limited, to any person pursuant to the co-investment scheme set out in the Phildrew Ventures Third Fund memorandum;
- (ii) any other Investment Fund whose business is managed by the same Investment Manager as the Investment Fund which is or whose nominee is the transferor;
- (iii) the Investment Manager who manages the business of the Investment Fund which is or whose nominee is the transferor (or, in any such case, a nominee of behalf thereof);

(C) any institution which is (or is a member of the same group as another company which is):-

- (i) a member of the British Venture Capital Association (or any successor body or organisation); and/or
- (ii) an authorised institution under the Banking Act 1987; and/or
- (iii) an institution which is recognised by the Inland Revenue as carrying on a bona fide banking business in the United Kingdom for the purposes of Section 349 of the Income and Corporation Taxes Act 1988;

9.1.3 by any Member in consequence of acceptance (whether voluntary or otherwise) of an offer made to that Member pursuant to, and in accordance with, Article 11 or 12; or

9.1.4 by an individual Member to trustees to be held on Family Trusts of that Member or by an individual Member or by the trustees of his Family Trusts to a Privileged Relation of that individual; or

9.1.5 by any Member in accordance with the terms of a Realisation.

9.2 Where shares have been transferred under Article 9.1.4 or under this Article 9.2 to trustees of Family Trusts or where shares have been subscribed for by the trustees of Family Trusts, the Relevant Shares may be transferred to the individual Member concerned or to his Privileged Relations and on any change of trustees the Relevant Shares may be transferred to the trustees for the time being of the Family Trusts concerned.

9.3 In the event that:

9.3.1 any Relevant Shares held by trustees cease to be held on Family Trusts (otherwise than where an authorised transfer of those Shares has been made); or

9.3.2 a Transferee Company holding Relevant Shares ceases to be a member of the same group as the Transferor Company from which (whether directly or by a series of transfers under Article 9.1.1) the Relevant Shares were derived;

the Transferee Company or, as the case may be, trustees shall notify the Remuneration Committee in writing that that event has occurred and shall be bound, if and when required in writing by the Remuneration Committee to do so, to give a Transfer Notice in respect of the Relevant Shares (but without specifying a Prescribed Price and so that the right of revocation conferred by Article 10.6 shall not apply).

For this purpose the expression "the Relevant Shares" means (so far as the same remain held by the trustees of any Family Trusts or by any Transferee Company) the shares originally transferred to or subscribed for by the trustees or Transferee Company and any additional shares issued to such trustees or Transferee Company

by way of capitalisation or acquired by such trustees or Transferee Company in exercise of any right or option granted or arising by virtue of the holding of the Relevant Shares or any of them or the membership thereby conferred.

- 9.4 A Member who holds shares in any two or more of the following classes, namely 'AA' Preference Shares, 'A' Preference Shares, 'C' Preference Shares, 'D' Preference Shares, New Ordinary Shares and Deferred Shares shall not be entitled to transfer any of these Shares under this Article 9 other than Article 9.1 unless he transfers at the same time an Equivalent Proportion of any 'AA' Preference Shares, 'A' Preference Shares, 'C' Preference Shares, 'D' Preference Shares, New Ordinary Shares and/or Deferred Shares such Member may hold.
10. The right to transfer Shares or any interest therein shall (save in respect of transfers made pursuant to Article 9) be subject to the restrictions set out in this Article 10.
- 10.1 Before transferring, or disposing of, any Shares (or any interest in Shares) the Proposing Transferor shall serve a Transfer Notice on the Company specifying the number and class of Shares in question, and the Transfer Notice shall constitute the Company his agent for the sale of those Shares in accordance with this Article 10. Except as provided in this Article 10, a Transfer Notice once given or deemed to be given shall not be revocable except with the written consent of the Remuneration Committee.
- 10.2 A Transfer Notice:-
- 10.2.1 may comprise Shares of more than one class and must, where the Proposing Transferor holds shares in any two or more classes, comprise an Equivalent Proportion of each class such Proposing Transferor may hold;
- 10.2.2 may, where permitted, specify the Prescribed Price per Share (or, where the Transfer Notice comprises Shares of more than one class, the Prescribed Price per Share for each class);
- 10.2.3 shall, if the Proposing Transferor has received any offer to purchase Shares of the same class as the Sale Shares (whether or not any such offer constitutes an offer capable of becoming legally binding upon acceptance), within the

period of one month prior to service of the Transfer Notice, give the name of the offeror, the number of Shares concerned and the price per Share offered;

- 10.2.4 may not be given by any Member other than an Institutional Investor unless required by the Remuneration Committee under Articles 9.3 or 10.10 or unless required under Article 10.11 or unless permitted by these Articles or consented to by the Remuneration Committee.

10.3

- 10.3.1 Forthwith following receipt of a Transfer Notice comprising New Ordinary Shares and which does not specify a Prescribed Price for such New Ordinary Shares, the Directors of the Company (other than the Proposing Transferor, if a Director, and other than any Director connected with the Proposing Transferor within the meaning of Section 839 of the Income and Corporation Taxes Act 1988) shall seek to agree the Prescribed Price with the Proposing Transferor. In the event that the Prescribed Price is not agreed within 7 days of receipt of the Transfer Notice by the Company, the Directors shall request the auditors of the Company (acting as experts and not as arbitrators) to certify the Prescribed Price.

- 10.3.2 The Auditors shall within 14 days of such a request certify to the Company the Prescribed Price, being the value of each share calculated on the following basis:-

- 10.3.2.1 by determining the sum which a willing purchaser would offer to a willing vendor for the whole of the issued share capital of the Company but with no premium for control of the Company, and by applying whatever discount the Auditors may consider appropriate to reflect the lack of marketability of the shares in the Company and any other factors which the Auditors may consider relevant;
- 10.3.2.2 by apportioning the resultant figure in accordance with the amount which would be payable on each share under the provisions of Article 4.2 upon a return of capital occurring on the date of the Transfer Notice.

10.4 The Sale Shares shall, within 14 days following receipt of the Transfer Notice or (in a case falling within Article 10.3.1) agreement or certification of the Prescribed Price, be offered by the Company in accordance with the Priority Rights for purchase at the Prescribed Price (other than to the Proposing Transferor and any Excluded Person). All offers shall be made by notice in writing and specify a time (being between 14 and 21 days inclusive) within which the offer must be accepted or, in default, will be deemed to have been declined. A copy of such offers shall at the same time be sent by the Company to the Proposing Transferor.

10.5 The Company shall offer the Sale Shares in the following order of priority:-

10.5.1 in the case of 'AA' Preference Shares:

10.5.1.1 first, to the other holders of 'AA' Preference Shares; and subject thereto

10.5.1.2 to the holders of the 'C' Preference Shares.

10.5.2 in the case of 'A' Preference Shares:-

10.5.2.1 first, to the other holders of 'A' Preference Shares; and subject thereto

10.5.2.2 to the holders of the 'C' Preference Shares.

10.5.3 in the case of 'C' Preference Shares:-

10.5.3.1 first, to the other holders of the 'C' Preference Shares; and subject thereto

10.5.3.2 to the holders of the 'A' Preference Shares.

10.5.4 in the case of 'D' Preference Shares to such person or persons as the Remuneration Committee in its absolute discretion shall direct, including any nominee appointed by the Remuneration Committee to hold such shares Provided That such 'D' Preference Shares may not be offered to any Institutional Investors in accordance with this Article 10.5.

10.5.5 in the case of New Ordinary Shares:

10.5.5.1 in the case of such shares which are not held by Institutional Investors, to such person or persons as the Remuneration

Committee in its absolute discretion shall direct, including any nominee appointed by the Remuneration Committee to hold such shares Provided That such New Ordinary Shares may not be offered to any Institutional Investors in accordance with this Article 10.5; and

10.5.5.2 in the case of such shares which are held by Institutional Investors, to the other holders of New Ordinary Shares who are Institutional Investors.

10.5.6 If shares from any two or more classes are offered together, any person to whom Sale Shares are offered must accept equal proportions of each class offered together and in any other case may accept all or some only of the Sale Shares offered to him.

10.5.7 Each Member to whom the offer is made (if more than one) shall be invited to indicate whether, if he accepts the number of Sale Shares offered to him pursuant to Articles 10.5.1, 10.5.2, 10.5.3, 10.5.4 or 10.5.5, he wishes to purchase any Sale Shares offered to other Members in the same offer which they decline to accept (such Sale Shares being referred to as "Excess Shares") and if so the maximum number which he wishes to purchase.

10.5.8 If there are any Excess Shares, they shall be allocated between the Members who have indicated that they wish to purchase Excess Shares. If the number of Excess Shares available is insufficient, the Excess Shares shall be allocated between the Members seeking to purchase them as follows:-

10.5.8.1 any Member who has sought to purchase no more than his proportionate entitlement of Excess Shares (calculated by reference to the proportion of the total holdings of Shares of the relevant class of Members seeking to purchase Excess Shares represented by that Member's holding) shall be allocated all the Excess Shares he sought to purchase; and

10.5.8.2 any Member or Members who sought to purchase more than their proportionate entitlement shall have the number of Excess Shares applied for scaled down and (if more than one) in proportion to their respective holdings of Shares of the relevant class.

10.5.9 Subject to the provisions of this Article, the Purchasers shall be bound to purchase the Sale Shares allocated to them under the provisions of this Article 10.5 at the Prescribed Price;

10.5.10 The trustees of the Employee Benefit Trust will purchase all Deferred Shares comprised in a Transfer Notice or deemed Transfer Notice and the Prescribed Price shall be 1p in total for such shares.

10.6 Not later than 7 days following the last day of the Acceptance Period the Company shall give written notice to the Proposing Transferor stating:-

10.6.1 if it is the case, that no person has sought to purchase any of the Sale Shares;
or,

10.6.2 the number of Sale Shares which persons have sought to purchase, giving the name and address of each Purchaser and the number of Sale Shares to be purchased by him;

and so that in the event that Purchasers have been found in the Acceptance Period for some only of the Sale Shares, the Proposing Transferor may within 7 days of service on him of notice under this Article 10.6 revoke his Transfer Notice by written notice to the Company.

10.7 In the event that the Proposing Transferor is given notice under Article 10.6.2 (and subject to the Proposing Transferor not revoking his Transfer Notice in accordance with Article 10.6, where permitted) the Proposing Transferor shall be bound on payment of the Prescribed Price to transfer the Shares in question to the respective Purchasers. The sale and purchase shall be completed at the registered office of the

Company during normal business hours on the first business day after the expiry of 7 days from the date of service of notice under Article 10.6.2.

- 10.8 If a Proposing Transferor, after having become bound to transfer any Shares to a Purchaser, shall fail to do so, the Directors may authorise any person to execute on behalf of and as attorney for the Proposing Transferor any necessary instruments of transfer and shall register the Purchaser as the holder of the relevant Shares. The Company's receipt of the purchase money shall be a good discharge to the Purchaser, and the Company shall thereafter hold the same on trust for the Proposing Transferor. After the name of the Purchaser has been entered in the Register in purported exercise of these powers, the validity of the proceedings shall not be questioned by any person.
- 10.9 The Proposing Transferor may transfer Sale Shares to any person or persons in the following circumstances:-
 - 10.9.1 If the Company shall fail within the Acceptance Period to find a Purchaser or Purchasers for any of the Sale Shares, the Proposing Transferor may, subject to Article 10.9.3, sell all or any of the Sale Shares.
 - 10.9.2 If the Company shall within the Acceptance Period find a Purchaser or Purchasers for some (but not all) of the Sale Shares and shall serve notice accordingly under Article 10.6.2, any Proposing Transferor which is an Institutional Investor may sell all or any of the Sale Shares and any Proposing Transferor who or which is not an Institutional Investor may, subject to Article 10.9.3 sell all or any of the Sale Shares for which no Purchaser has been found.
 - 10.9.3 The following provisions apply to any proposed sale of Sale Shares pursuant to Articles 10.9.1 and/or 10.9.2:
 - 10.9.3.1 Shares may not be sold after the expiry of three months after the date on which notice is given to the Proposing Transferor under Article 10.6.2.

- 10.9.3.2 The Shares must be sold in pursuance of a bona fide sale at a price not being less than the Prescribed Price and the Directors may require to be satisfied that the Shares are being transferred in pursuance of a bona fide sale for the consideration stated in the instrument of transfer without any deduction, rebate or allowance whatsoever to the purchaser.
- 10.9.3.3 If the provisions of Article 11 are applicable, the transfer or disposal may only be made if those provisions are complied with.
- 10.9.3.4 If the Sale Shares comprise shares from any two or more classes, any sale by the Proposing Transferor must be of an Equivalent Proportion of each class of such Sale Shares.
- 10.10 If any a person becomes entitled to a Share in consequence of the death, bankruptcy, receivership or liquidation of a Member, in circumstances where Article 10.11 does not apply, then (unless the Remuneration Committee determines otherwise at the relevant time) Transfer Notices (which do not specify a Prescribed Price) shall be deemed to have been given on the date on which the Remuneration Committee becomes aware that such entitlement has arisen in respect of all the Shares then registered in the name of the deceased, bankrupt or insolvent Member and in respect of all the Shares then registered in the names of the trustees of the Family Trust of such Member and the Privileged Relations of such Member. Such Transfer Notices shall not be capable of revocation under the provisions of Article 10.6. Regulations 29 to 31 of Table A shall take effect accordingly.
- 10.11 In the event that any Employee ceases for any reason to be an Employee, then (unless the Remuneration Committee otherwise determines at the relevant time) Transfer Notices shall be deemed to have been given on the date on which the Remuneration Committee becomes aware of such event in respect of all the shares then registered in the name of such Employee and in respect of all the shares then registered in the names of the trustees of the Family Trusts of such Employee and the Privileged Relations of such Employee. Such Transfer Notices shall not specify a Prescribed Price and shall not be capable of revocation under the provisions of Article 10.6. In such circumstances the Prescribed Price per Sale Share in respect of all Shares other than Deferred Shares shall:-

10.11.1.1 in the case of a Good Leaver, be the price per Sale Share agreed or determined in accordance with Article 10.3;

10.11.1.2 in the case of a Bad Leaver, the Paid Up Amount on each Sale Share;

and the Prescribed Price for Deferred Shares shall be 1p in total for all Deferred Shares.

- 10.12 In the event that any Employee becomes an Excluded Person, the Directors may at any time thereafter by notice in writing to such Employee revoke any outstanding Transfer Notice given by such Employee prior to that event under Article 10.1 which relates to, or to the extent that such Transfer Notice relates to, 'D' Preference Shares, New Ordinary Shares and/or Deferred Shares. These Articles shall thereafter operate as if no such Transfer Notice had been given or as if such Transfer Notice had not been given in relation to such 'D' Preference Shares and/or Ordinary Shares and/or Deferred Shares, provided that such revocation shall be without prejudice to any sale of the Shares which were the subject of the Transfer Notice completed prior to such revocation.
- 10.13 For the purpose of ensuring that a transfer of Shares is duly authorised under these Articles or that no circumstances have arisen by reason of which a Transfer Notice may be required to be, is, or is deemed to have been given, the Directors may from time to time require any individual Member or past individual Member or the personal representatives or trustee in bankruptcy, receiver or liquidator of any Member or any person named as transferee from any individual Member in any instrument of transfer lodged for registration to provide to the Company such information as the Directors reasonably require regarding any matter which they consider necessary for this purpose. If such information is not provided to the reasonable satisfaction of the Directors within a reasonable time after request, the Directors shall be entitled to refuse to register the transfer in question or (in case no transfer is in question) to require by notice in writing that a Transfer Notice be given in respect of the Shares concerned. If the information discloses (in the reasonable opinion of the Directors) that a Transfer Notice ought to have been given in respect of any Shares, the Directors may by notice in writing require that a Transfer Notice be given in respect of the Shares concerned. Any Transfer Notice required to be

given under this Article 10.13 shall not specify a Prescribed Price and shall not be capable of revocation under the provisions of Article 10.6.

10.14 In any case where the Directors require a Transfer Notice to be given in respect of any Shares, if a Transfer Notice is not duly given within a period of 14 days of demand being made by the Directors, a Transfer Notice shall be deemed to have been given at the expiration of that period. Such a deemed Transfer Notice shall not be capable of revocation under the provisions of Article 10.6.

10.15 Any notice required to be given under this Article 10 by the Company to a Member or by a Member to the Company or otherwise shall be given or served either personally or by sending it by first class post to the registered office of the Company or to the registered address of the Member (as the case may be) or, if he has no registered address within the United Kingdom and has supplied to the Company an address within the United Kingdom for the giving of notice to him, to the address so supplied. When a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice and to have been effected 48 hours after posting.

10.16 The restrictions imposed by this Article 10 may be waived in relation to any proposed transfer of Shares with the consent of all Members who, but for such waiver, would or might have been entitled to have such shares offered to them in accordance with Article 10.5.

10.17 Subject to Articles 9.1.3, 9.1.4 and 9.1.5 employees who hold 'D' Preference Shares shall not be entitled to transfer any of these Shares whilst they are Employees.

11.

11.1 In the event that one or more members of the Company holding between them shares in the Company which carry the right to in excess of 75 per cent of the votes which may be cast at general meetings of the Company in accordance with Article 4.10 ("the Vendors") propose to sell the legal or beneficial interest in their entire holdings of New Ordinary Shares to a person with whom none of them is connected, as defined in Section 228 Income and Corporation Taxes Act 1988, ("the

relevant transaction"), the Vendors may procure that an offer is made by the proposed transferee (or any person or persons acting in concert with it) to the holders of all other issued shares in the Company to acquire their entire holdings of shares and provided that such offer complies with the requirements of Article 11.3, the Vendors shall have the right (the "Come Along Right") to require all of the other holders of Shares in the Company (the "Called Shareholders") to accept in full the offer so procured to be made to them.

11.2 For the purpose of this Article 11:-

11.2.1 the expressions "transfer" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment and the renouncee under any such letter of allotment; and

11.2.2 the expression "acting in concert" shall bear the meaning ascribed to it in The City Code on Take-overs and Mergers (as amended from time to time).

11.3 The offer referred to in Article 11.1 above shall:-

11.3.1 be open for acceptance in England for a period of at least 28 days following the making of the offer;

11.3.2 be on terms that the shareholders shall be entitled to receive for their holdings of shares a sum in cash, shares or any other consideration equal to:-

11.3.2.1 (in the case of the 'AA' Preference Shares, the 'A' Preference Shares, the 'C' Preference Shares, the 'D' Preference Shares) the amount which would be payable on each such share under the provisions of Article 4.2 upon a return of capital occurring on the date on which the offer is made;

11.3.2.2 (in the case of the New Ordinary Shares) whichever shall be the greater of:-

- (a) the amount which would be payable on each such share under the provisions of Article 4.2 on a return of capital occurring on the date on which the offer is made; and
- (b) an amount for each New Ordinary Share equal to the price per New Ordinary Share paid or payable by the proposed purchaser in the relevant transaction or any related or previous transaction by the same purchaser or any person acting in concert with the proposed purchaser which price shall be deemed to include any consideration (in cash or otherwise) paid or payable by such purchaser or person acting in concert which, having regard to the substance of the transaction as a whole, is reasonably regarded by the Directors as an addition to the price so paid or payable;

11.3.2.3 (in the case of the Deferred Shares) 1p in total for such shares

Provided That to the extent that any shareholder does not receive the full amount payable on their holdings of shares under the provisions of Articles 11.3.2.1 and/or 11.3.2.2, all such shares for which the full amount referred to in Article 11.3.2.1 or Article 11.3.2.2, as the case may be, has not been received shall be transferred for 1p in total.

11.3.3 be on the terms that the purchase of any Shares in respect of which such offer is accepted shall be completed at the same time as the relevant transaction.

11.4 The Come Along Right may be exercised by the Vendor or the Vendors serving notice to that effect ("the Come Along Notice") to the Called Shareholders at the same time as, or within 7 days following, the making of the offer.

11.5 A Come Along Notice once given shall be irrevocable but shall lapse (and the obligations thereunder shall lapse) in the event that for any reason the Vendor or the Vendors (as the case may be) do not transfer their entire holdings of shares in the Company to the person making the offer ("the Offeror") or the Offeror's nominee

not later than the date specified as the date for completion of the sale and purchase of Shares pursuant to acceptances of the offer.

- 11.6 Upon the exercise of the Come Along Right in accordance with this Article 11, each of the Called Shareholders shall be bound to accept the offer made to it in respect of its entire holding of Shares and to comply with the obligations assumed by virtue of such acceptance.
- 11.7 In the event that any Called Shareholder fails to accept the offer made to him or, having accepted such offer, fails to complete the sale of any of its Shares pursuant to the offer or otherwise fails to take any action required of it under the terms of the offer, the Directors (or any of them) may authorise any person to accept the offer on behalf of the Called Shareholder in question or undertake any action required under the terms of the offer on the part of a Called Shareholder who has accepted the offer. The Directors may in particular authorise any person to execute a transfer of any Shares in favour of the Offeror (or its nominee) and the Company may give a good receipt for the purchase price of such Shares and may register the Offeror (or its nominee) as holder thereof and issue to it certificates for the same. The Called Shareholder shall in such case be bound to deliver up its certificate for its Shares to the Company whereupon the Called Shareholder shall be entitled to receive the purchase price for such Shares which shall in the meantime be held by the Company on trust for the Called Shareholder but without interest. After the name of the Offeror (or its nominee) has been entered in the Register in purported exercise of these powers, the validity of the proceedings shall not be questioned by any person.
- 12.
- 12.1 If a transfer or transfers of New Ordinary Shares (the "Target Shares") to a person who is not a New Ordinary Shareholder (the "proposed transferee") would result in the proposed transferee holding more than 50 per cent in nominal value of all the New Ordinary Shares in issue at that time, then before any such transfer or transfers the proposed transferee must have made an offer in writing to acquire all the other New Ordinary Shares in issue at that time on exactly the same terms as it is proposing to acquire the Target Shares except that:

- 12.1.1 such offer must be open for acceptance for at least 21 days; and
- 12.1.2 if the proposed transferee has acquired any other New Ordinary Shares within the period of 6 months prior to such offer for a greater consideration per share, then the terms of such offer shall be increased to equal such greater consideration per share.
- 12.2 Article 12.1 shall not apply to any transfer:
 - 12.2.1 to which the provisions of Articles 9.1.1 or 9.1.2 apply; or
 - 12.2.2 made with the consent of holders of 90 per cent or more of the New Ordinary Shares.

GENERAL MEETINGS

- 13. In Regulation 37 of Table A there shall be substituted for the words "eight weeks" the words "fourteen days" and after the words "receipt of the requisition" there shall be added the words "and for the avoidance of doubt the requisitionists, or any of them representing more than one half of the total voting rights attached to shares held by all the requisitionists, may, if the Directors shall fail within seven days of receipt of the requisition to give notice of a general meeting for a date not later than fourteen days after receipt of the requisition, convene the meeting requisitioned for such date as they may select (subject to compliance with the provisions of the Act regarding the giving of notice of meetings requisitioned by the members, insofar as consistent with the provisions of this Article)".
- 14. In its application to the Company, the final sentence of Regulation 38 of Table A shall be modified by the insertion of the words "known by the Board of Directors of the Company to be" after the words "to all persons".
- 15. The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors may:-

- 15.1 be deposited at the office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 24 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
 - 15.2 be delivered at the meeting or adjourned meeting at which the person named in the instrument proposes to vote to the Chairman or to the Secretary or to any Director; or
 - 15.3 in the case of a poll, be delivered at the meeting at which the poll was demanded to the Chairman or to the Secretary or to any Director, or at the time and place at which the poll is held to the Chairman or to the Secretary or to any Director or Scrutineer and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.
16. The appointment of an alternate Director by a Director appointed pursuant to Article 18 hereof shall not require approval by a resolution of the Directors, and in its application to the Company, Regulation 65 of Table A be modified accordingly.

APPOINTMENT OF DIRECTORS

17.

- 17.1 In its application to the Company, Regulation 78 of Table A shall be modified by the deletion of the words "..... and may also determine the rotation in which any additional Directors are to retire".
- 17.2 In its application to the Company, Regulation 79 of Table A shall be modified by the deletion of the second and third sentences.
- 17.3 In its application to the Company, Regulation 84 of Table A shall be modified by the deletion of the third and fourth sentences.

NOMINATED DIRECTORS

18.

18.1 The Majority of the Institutional Investors shall have the right by notice in writing to the Company to appoint up to four Directors of the Company and the following provisions shall have effect:

18.1.1 Any such appointments shall be made by notice in writing to the Company by the Lead Investor (acting on the instructions of the Majority of the Institutional Investors) and the Lead Investor may in like manner at any time and from time to time remove from office any Director appointed pursuant to this Article 18.1 and appoint any person in place of any such Director so removed or who has died or otherwise vacated office;

18.1.2 Upon any resolution pursuant to Section 303 of the Act or Article 20 or otherwise for the removal of any Director appointed by it and for the time being holding office pursuant to this Article 18.1, the Shares held by such Institutional Investor shall confer the right to an aggregate number of votes which is one vote greater than the number of votes capable of being cast on such resolution by all other members of the Company.

18.2 Each Institutional Investor shall have the right to designate a representative to attend, as observer, and speak at all meetings of the Board or of a Committee of the Board. Such representative will be entitled to receive, on a confidential basis, all written materials and other information given to the Board in connection with such meetings at the same time as those materials or information are given to the Board.

CHAIRMAN

19. The Lead Investor (acting on the instructions of the Majority of the Institutional Investors) shall have the right at any time and from time to time by notice in writing to the Board to instruct the Board to appoint one of the Directors of the Company as Chairman of the Board and shall have the right to instruct the Board to remove from

the office of Chairman of the Board any Director appointed by it pursuant to this Article and to appoint another Director in his or her place.

REMOVAL OF DIRECTORS

20. In addition and without prejudice to the provisions of Section 303 of the Act, the Company may by extraordinary resolution remove any Director before the expiration of his period of office and may by ordinary resolution appoint another Director in his place.

PROCEEDINGS OF DIRECTORS

21. In its application to the Company, Regulation 89 of Table A shall be modified:-
- 21.1 by the deletion of the words "may be fixed by the Directors and unless so fixed at any other number" in the first sentence and the substitution therefor of the words "shall be at least two Directors appointed pursuant to Article 18 or pursuant to Article 4.9.3; and
- 21.2 by the addition of the following as the final sentence:
- "In the event that a meeting of the Directors is attended by a Director who is acting as alternate for one or more other Directors, the Director or Directors for whom he is the alternate shall be counted in the quorum notwithstanding their absence, and if on that basis there is a quorum the meeting may be held notwithstanding the fact (if it is the case) that only one Director is physically present".
22. Notices of meetings of the Directors shall be given in writing and in its application to the Company, Regulation 111 of Table A shall be modified accordingly.
23. Any Director including an alternate Director may participate in a meeting of the Directors or a committee of the Directors of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in

this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the Act, he shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

24. A Director may vote at a meeting of the Directors, and form part of a quorum present at that meeting, in relation to any matter in which he has, directly or indirectly, an interest or duty which conflicts or which may conflict with the interests of the Company, provided that he has previously disclosed the nature of such duty or interest to the Directors. The provisions of Regulation 86 of Table A shall be taken to apply equally to any disclosure to be made under the provisions of this Article.

BORROWING POWERS

25. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking property and uncalled capital, or any part thereof, and, subject to the provisions of Section 80 of the Act and any resolutions of the Company in General Meeting passed pursuant thereto, 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.

EXECUTION OF DOCUMENTS

26. In its application to the Company, Regulation 101 of Table A shall be modified by the addition of the following sentence:-
 "Any instrument expressed to be executed by the Company and signed by two Directors, or by one Director and the Secretary, by the authority of the Directors or of a committee authorised by the Directors shall (to the extent permitted by the Act) have effect as if executed by the seal".

DIVIDENDS

27. Regulations 102 to 105 (inclusive) of Table A shall be subject to Article 4.1 and in Regulation 103 of Table A the words from "If the share capital is divided" to the end of the Regulation shall be deleted.

INDEMNITIES

28. Subject to section 310 of the Act:-

28.1 Every Director or Secretary of the Company shall be entitled to 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 to his office, 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 727 of the Act in which relief is granted to him by the court, and no Director or Secretary 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 otherwise in relation to his office.

28.2 The Directors may purchase and maintain insurance for any such Director or Secretary against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.