

Company Number 3126277

THE COMPANIES ACT 1985

**NOTICE OF PASSING OF WRITTEN RESOLUTION**

**OF**

**XL RECORDINGS LIMITED**  
**(the "Company")**

**Passed on 10 January 2003**



Notice is given that by a written resolution passed on 10 January 2003 the following resolution was duly passed by the Company:

**SPECIAL RESOLUTION**

1. That the Articles of Association of the Company be amended as follows:
  - 1.1 by deleting the words "Banquet Communications" in the definition of "Beggars Banquet" in Article 3 and replacing them with the word "Group".
  - 1.2 by deleting the definitions of "Service Agreement" and "Shareholders' Agreement" in Article 3 and replacing them with the following:

**"Service Agreement"** means the agreement dated 10 January 2003 between the Company and Richard Russell.

**"Shareholders' Agreement"** means any agreement which may exist from time to time between Beggars Banquet, Richard Russell and the Company.

- 1.3 By inserting the following words in Article 3 before the definition of Service Agreement referred to in Resolution 1 above:

**""Deferred Shares"** means the Deferred Shares referred to in Article 4"

- 1.4 By deleting the existing Article 4 and replacing it with the following new Article 4:

"The Share Capital of the Company is £1000 divided into 240 A Ordinary Shares of £1 each "A' Shares" and 760 B Ordinary Shares of £1 each "B' Shares". A Shares and B Shares shall constitute different classes of shares and shall have the respective rights conferred by these Articles but subject thereto shall rank at all times pari

passu with each other. The A Shares and the B Shares shall be entitled to share equally in any dividend or other distribution declared by the Company with effect from the earlier of:

- (i) the date which is nine months after the release date of the first album by Prodigy (being an album of new material and not a "Greatest Hits" or other compilation album) released by the Company after 10 January 2003; and
- (ii) the date on which the aggregate amount of dividends paid by the Company to the holder/s of its B Shares in respect of financial periods commencing on or after 1 January 1999 equals or exceeds £5,000,000; and
- (iii) 31 December 2002.

If:

- (a) the annual pre-tax profits of the Company for the financial year commencing on 1 January 2002 equal or exceed £500,000 or failing that for the financial year commencing on 1 January 2003 (the "Relevant Year/s") equal or exceed £750,000 calculated in each case by reference to the audited accounts of the Company for such Relevant Year adding back the amount of any investment by the Company in Mo Wax to the extent only that it has been written off or deducted in calculating such pre-tax profits in the audited accounts for such Relevant Year) and certified in writing to the Company by the Company's auditors ("Profits") and
- (b) the Company and/or any of the Company's subsidiaries sign recording contracts with three new artists previously not signed to them in either of the Relevant Years

then with effect from the date on which such conditions are satisfied (the "Conversion Date") 520 B Shares shall be converted into 520 Deferred Shares of £1.00 each, which Deferred Shares shall carry no right to any dividend distributed by the Company, no right to a repayment of capital whether on a winding up or in any other circumstances and no right to attend any meeting or vote in respect of any resolution of the Company.

1.5 By deleting the words "regardless of class" at the end of the first sentence of Article 5(a)

and replacing them with the words "(disregarding any Deferred Shares")

1.6 By renumbering Article 5(d) as 5(f), and by deleting Article 5(c) and replacing it with the following Articles 5(c), 5(d) and 5(e):

(c) all Shares (other than Deferred Shares) which, pursuant to any provisions of these Articles are transferred to a holder of A Shares or B Shares in respect of such holding shall before being registered in the name of such holder become A Shares or B Shares respectively.

(d) all Shares which pursuant to any provision of these Articles may be issued to a holder of A Shares or B Shares in respect of such holding shall before being registered in the name of such holder become A Shares or B Shares respectively.

(e) any Shares taken up by an offeree other than a holder of A Shares or B Shares shall be designated as a separate class as determined by the Directors ranking *pari passu* with the A Shares and the B Shares.

1.7 By deleting the words "Clause 6, 12 and 13 of the" from Article 9(c) and replacing them with the words "the relevant provision of any".

1.8 By inserting the words "in accordance with any Shareholders' Agreement or otherwise" after the words "auditors for the time being of the Company" in the first sentence of Article 10(b)(i) and by inserting the words "In the absence of any Shareholders' Agreement" before the words "such auditors" at the beginning of the second sentence of Article 10(b)(i).

1.9 By inserting the words "for the time being of the Company in accordance with any Shareholders' Agreement or otherwise" after the words "certified by the auditors" in the first sentence of Article 10(b)(ii) and by inserting the words "In the absence of any Shareholders' Agreement" before the words "such auditors" at the beginning of the second sentence of Article 10(b)(ii).

1.10 By inserting the words "(disregarding any Deferred Shares)" after the word "holders" at the end of the penultimate sentence of Article 10(e).

1.11 By deleting the words " clause 6 (c) o f t h e" from Article 1 0 (i) a n d r e p l a c i n g t h e m b y t h e word "any", and by inserting the word "relevant" before the word "provisions" in the last line of such Article.

1.12 By deleting the word "not" from the last sentence of Article 16 and adding the words "only until the Conversion Date" after the word "vote" at the end of such last sentence.

1.13 By deleting the existing Article 20 and replacing it with the following new Article 20:

"20. The maximum number of Directors of the Company shall be four".

1.14 By deleting the existing Article 21 and replacing it with the following new Article 21:

"21.(a) Richard Russell shall, whilst he is an A Shareholder in the Company, be a Director of the Company. If Richard Russell shall cease to be an A Shareholder in the Company, he shall thereupon cease to be a Director of the Company. After the Conversion Date, the holders of the "A" Shares in each case with the prior approval of the holders of the "B" Shares (acting by a simple majority) which approval shall not be unreasonably withheld, may appoint (and remove or replace from time to time) two persons to be "A" Directors of the Company (of whom Richard Russell shall be deemed to be one, whilst he is an "A" Shareholder and whilst he is capable of acting) but so that no more than two "A" Directors shall hold office at any one time. Subject to prior approval as aforesaid, any such appointment removal or replacement shall be in writing served on the Company at its registered office and signed by the holders of a majority in nominal value of the issued "A" Shares and shall be operative on being received at the said registered office.

(b) In like manner, up to the Conversion Date after consultation with, and from the Conversion Date with the approval of the holders of the "A" Shares (acting by a simple majority) which approval shall not be unreasonably withheld, the holders of the "B" Shares may appoint (and remove or replace from time to time) any person to be a "B" Director but so that not more than two "B" Directors shall hold office at any one time and so that Martin Mills shall be one of such "B" Directors whilst he is capable of so acting and whilst a majority of the "B" Shares are held by Beggars Banquet or any member of the Beggars Banquet Group.

1.15 By replacing the last sentence of Article 25 with the following:

"One of the "B" Directors shall be chairman of the Board. In the event of an

equality of votes at a meeting of the directors taking place at any time before the Conversion Date the chairman shall be entitled to a second or casting vote in addition to any other vote he may have. The chairman shall not be entitled to any second or casting vote on or after the Conversion Date."

- 1.16 By inserting the words "(but disregarding any Deferred Shares)" immediately before the words "and regulation 110 of Table A" in Article 39.

  

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Company Secretary