

No: 3427512



THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

VIRGIN DIRECT (2) LIMITED

The following written resolutions were passed by the Company on 16 October 1997, which would otherwise be required to be passed as ordinary resolutions.

ORDINARY RESOLUTIONS

THAT:-

- (1) The unissued share capital of the Company be redesignated as follows, each class of share having the rights and being subject to the restrictions and obligations set out in the resolutions referred to below:
 - (iii) 14,061,536 Virgin ordinary shares of 0.1p each (*Virgin Ordinary Shares*); and
 - (iv) 969,232 Virgin convertible shares of 0.1p each (*Virgin Convertible Shares* and, together with the Virgin Ordinary Shares, *Virgin Shares*);

and that each issued share in the Company be redesignated as an executive convertible share of 0.1p each (*Executive Convertible Shares*) having the rights and being subject to the restrictions and obligations set out in the resolution referred to below.

- (2) The articles of association of the Company be amended by the adoption of the following as new articles 4.A, 4.B, 4.C and 4.D

4.A CLASS RIGHTS

- (1) The Virgin Ordinary Shares, Virgin Convertible Shares, Executive Convertible Shares and Deferred Shares (referred to below) shall be separate classes of shares and shall carry the following rights and privileges:
- (2) As regards income:

The Deferred Shares shall be entitled to a dividend of 0.0001% of any profits which the Company may determine to distribute in respect of any financial year. Subject thereto, the Virgin Shares shall confer on the holders thereof *pari passu* in proportion to the amounts paid up thereon all rights to any profits which the Company may determine to distribute in respect of any financial year. The Executive Convertible Shares shall not confer on the holders thereof any rights whatsoever to any profits which the Company may determine to distribute in respect of any financial year.

(3) As regards 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 first in paying to the holders of the Deferred Shares (if any) the amounts paid up on the Deferred Shares. The balance of such assets shall be applied first in paying rateably amongst the holders of the Deferred Shares 0.0001% of such balance, next in paying to the holders of the Executive Convertible Shares the amount paid up on each of those shares (in each case rateably amongst them) and the remainder shall belong to and be distributed rateably amongst the holders of the Virgin Shares.

(4) As regards voting:

- (a) The Virgin Shares shall entitle the holders thereof to receive notice of and to attend and vote at all general meetings of the Company. None of the Executive Convertible Shares, or the Deferred Shares shall entitle the holders thereof to receive notice of or to attend general meetings of the Company nor shall any of them confer any right to vote thereat.
- (b) Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with these Articles on a show of hands every member who is the holder of a Virgin Share shall be entitled to one vote and on a poll shall be entitled to one vote for each such share held by him.

4.B CONVERSION

- (1) the Executive Convertible Shares shall, on the occurrence of a Conversion Event, convert into an equal number of Virgin Ordinary Shares; and
- (2) the Virgin Convertible Shares shall, on the occurrence of a Conversion Event, convert into an equal number of Deferred Shares.

4.C VARYING CLASS RIGHTS

Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated 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 more than one-half 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. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal value of the issued shares of the class unless all the shares of any class are registered in the name of a single shareholder in which case the quorum shall be that person his proxy or duly authorised representative of such shareholder (but so that if, at any adjourned meeting of such holders, a quorum as above defined is not present those

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members who are present shall be a quorum) and that any holder of shares of the class present in person or by proxy may demand a poll and that the holders of shares of the class shall, on a poll, have one vote in respect of every share of the class held by them respectively.

4.D DEFINITIONS

In these articles, "Conversion Event" means the earliest to occur of:-

- (a) the admission by the council of the London Stock Exchange Limited of all or any of the share capital of the Company to the official list of The London Stock Exchange first becoming effective; and
- (b) the shareholding of the Branson Shareholders as a result of a sale or other disposal by any of them (including, without limit, a sale or disposal by any of them to any other), fall below 25% of the ordinary share capital of the Company for the time being in issue save where such reduction in the shareholding results from any company reconstruction or amalgamation falling within Section 136 of the Taxation of Chargeable Gains Act 1992.

"Branson Shareholders" has the meaning given to it in the Shareholders Agreement between Mr Branson and his Trustees and others dated with the date of the adoption of this article.

X 
Chairman

Presented by: Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London EC2A 2HA
Tel: 0171 638 1111
Ref: JES