



Memorandum of Association

e-district.net plc

Company number: 3609752

Date of incorporation: 4 August 1998

CMMF-000275.DOC

Osborne Clarke OWA

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The Companies Act 1985

Public Company limited by shares

Memorandum of Association

of

e-district.net plc

1. The Company's name is e-district.net plc.¹
2. The Company is to be a public company.²
3. The Company's registered office is to be situated in England and Wales.
4. The Company's objects are:
 - (a) To carry on business as a developer and provider of an interactive entertainment channel being accessible via the Internet and WebTV including, without limitation, the provision of interactive television services, e-mail facilities, Website hosting services, electronic commerce facilitation services and other commercial and non-commercial activities that can be carried out on the Internet and Worldwide Web";³
 - (b) To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render more profitable any of the property or rights the Company.
 - (c) To apply for, purchase, register or otherwise acquire and protect and renew, whether in the United Kingdom or elsewhere in any

¹ By a Written Resolution duly passed by the Company on 26 January 2000 name of the Company was changed from "Synet Communications Limited" to "e-district.com plc".

² By a Written Resolution duly passed by the Company on 26 January 2000 the Company resolved to alter this document by the insertion of a new clause 2 and the renumbering of the subsequent clauses.

³ By a Written Resolution duly passed by the Company on 26 January 2000 the Company resolved to alter this document by the substitution of a new main objects clause 4 (a).

part of the world an patent rights, brevets d'invention, designs, concessions, secret processes, trade marks, licences, and the like and to alter, disclaim, modify, use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon, testing or improving any such patents, inventions or rights.

- (d) To purchase, take on lease or in exchange, hire or by any other means acquire and take options over any freehold, leasehold or any other real or person property and any rights or privileges which the Company may think necessary or convenient for the purposes of its business, or may enhance the value of any other property of the Company.
- (e) To acquire and undertake the whole or any part of the business, goodwill, assets, property, and liabilities of any person or company carrying on or proposing to carry on any business which the Company is authorised to carry on or possessed of property suitable for the purposes of the Company or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company.
- (f) To acquire an interest in, amalgamate with, or enter into partnership or into any arrangement for sharing profits, co-operation, joint adventure, union of interest or reciprocal concession with any person or company caring on or engaged in, or about to carry on or engaged in, any business or transaction which is capable of being conducted so as directly or indirectly to benefit the Company.
- (g) To enter into any arrangements with any governments or authorities supreme, local, municipal or otherwise, or any company or person that may seem conducive to the attainment of the Company's objects, or any of them, and to obtain from any such government or authority any rights, charters, licences, privileges or concessions which the Company may think it desirable to obtain, and to carry out, exercise and comply therewith.
- (h) To draw, make, accept, endorse, discount, execute, negotiate and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- (i) To invest and deal with the moneys of the Company not immediately required in any manner, and to hold sell or otherwise deal with any investments made.

- (j) To subscribe for, take or otherwise acquire, and hold shares, stock, debentures, debenture stock or other securities of any other Company.
- (k) To establish or promote any other company or companies for the purpose of acquiring all or any of the property, rights and liabilities of the Company, or for any other purpose which may appear likely to assist or benefit the Company or to enhance the value of any property or business of the Company and to place or guarantee the placing of, underwrite, subscribe for or otherwise acquire all or any part of the shares, debentures or other securities of any such company.
- (l) To advance and lend money or give credit, with or without security to customers and others, to enter into guarantees, contracts or indemnity and suretyships of all kinds to receive money on deposit or loans and to become security for any persons, firms or companies.
- (m) To raise or borrow money in such a manner as the Company shall think fit, and to secure the repayment of any such money raised, borrowed or owing by mortgage, lien, charge or other security upon all or any part of the property or assets of the Company (whether present or future) including its uncalled capital, and also by a similar mortgage lien, charge or security to secure and guarantee the performance by the Company or any obligation or liability it may undertake or which may become binding on it.
- (n) To pay out of the funds of the Company all or any expenses which the Company may lawfully pay with respect to the promotion, formation and incorporation of the Company or to contract with any person, firm or company to pay the same and to pay commissions to brokers and others for underwriting, placing, selling or guaranteeing the subscription of any shares, debentures or other securities of the Company.
- (o) To remunerate any person, firm or company whether by cash payment or by the allotment of shares, debentures or other securities of the Company's credited as paid up in full or in part or otherwise.
- (p) To subscribe to or support any charitable object or any institution and to give pensions, bonuses, gratuities or assistance to any person who is serving or has served the Company, whether as a director, employee or otherwise, and his family and dependants; to make payments towards insurance, and to establish, form and contribute to provident, superannuation and other similar funds and trusts, associations,

clubs, schools and other institutions for the benefit of any such persons aforesaid.

- (q) To distribute among the members of the Company any property of the Company of any kind or any proceeds of sale or disposal of any property of the Company, but so that no distribution amounting to a reduction of capital of the Company be made except with the sanction for the time being required by law.
- (r) To procure the Company to be registered or recognised in any part of the world.
- (s) To act as agents or brokers and as trustees for any person, firm or company, and undertake and perform sub-contracts and also to act in any of the businesses of the Company in any part of the world through or by means of agents, subcontractors or others.
- (t) To improve, develop, manage, grant rights or privileges in respect of, construct, repair, let on lease or otherwise, exchange, mortgage, charge, dispose of, sell, grant licences in respect of, turn to account, grant options in respect of, or otherwise deal with all or any part of the property and rights of the Company both real and personal.
- (u) To sell or otherwise dispose of the whole or any part of the business of the Company, either together or in portions for such considerations as the Company may think fit, and in particular for shares, debentures or securities of any company purchasing the same.
- (v) To do all or any of the matters or things aforesaid in any part of the world and to do such matters or things either as principals, agents, contractors or otherwise and by or through agents, contractors or otherwise and either alone or in conjunction with others.
- (w) To do all such other things as may be deemed incidental or conducive to the attainment of the above objects or any of them.

And it is hereby declared that

- (i) The objects specified in each sub-clause shall be regarded as independent objects, and they shall not be limited or restricted, except where otherwise expressed in such sub-clauses, by reference to or inference from the terms of any other sub-clause or the name of the Company, but may be carried out in as full and ample a manner or constructed in as wide a sense as if each of

the said sub-clauses defined the objects of a separate and distinct company.

- (ii) The word "Company" except where used in reference to this Company, shall be deemed to include any partnership or any other body of persons, whether incorporated, registered, resident or domiciled in the United Kingdom or elsewhere.

- 5. The liability of the Members is limited.
- 6. The Company's share capital is £1,000 divided into 1,000 shares of £1.00 each.⁴

⁴ By a Written Resolution duly passed by the Company on 26 January 2000 the Capital of the Company was increased to £601,000 divided into 1,803,000 "A" Ordinary Shares of 10p each and 4,207,000 "B" Ordinary Shares of 10p each.

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

Names and addresses of subscribers	Number of shares to be taken by each subscriber
ENERGIZE DIRECTOR LIMITED 73-75 PRINCESS STREET ST PETERS SQUARE MANCHESTER M2 4EG	TWO

[Signed]

An Authorised Signatory

Dated:.....Tuesday, July 28, 1998.

Witness to the above signatures:

Signature of witness: [Signed]

Name: STEPHEN THOMPSON

*Address: 73-75 PRINCESS STREET
ST PETERS SQUARE
MANCHESTER
M2 4EG*

**New main objects clause of the memorandum
of association of the Company**

4. (a) To carry on business as a developer and provider of an interactive entertainment channel being accessible via the Internet and WebTV including, without limitation, the provision of interactive television services, e-mail facilities, Website hosting services, electronic commerce facilitation services and other commercial and non-commercial activities that can be carried out on the Internet and Worldwide Web.

COMPANIES ACT 1985

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

(Adopted by a Resolution in writing
passed on 26 January 2000)

-of-

e-district.com plc

**Martineau Johnson
Birmingham**

Tel: 0121 200 3300

Fax: 0121 233 3910

Ref: AJS/VC050022

THE COMPANIES ACT 1985

and

THE COMPANIES ACT 1989

COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION
(adopted by a Resolution in writing
passed on 26 January 2000)

- of -

e-district.com plc

1 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 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 paragraph of that Regulation and the sentence "Any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enaction and extension thereof for the time being in force" shall be inserted at the end of that Regulation.
- 1.3 Regulations 8, 40, 41 50, 54, 64, 73 to 80 (inclusive), 82, 87, 89, 94 to 97 (inclusive) 115 and 118 of Table A shall not apply to the Company.

2 DEFINITIONS

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

"the Act"

the Companies Act 1985 and every statutory modification or re-enactment thereof for the time being in force.

"the Acts"

the Companies Act 1985 and the Companies Act 1989.

"Auditors"

the firm of auditors for the time being of the company.

"A" Ordinary Shareholders"

the holders for the time being of the issued "A" Ordinary Shares.

"B" Ordinary Shareholders"

the holders for the time being of the issued "B" Ordinary Shares.

"Deed of Adherence"

a deed in such form and with such substance as the Investors reasonably shall require from time to time.

"the Directors"

the directors for the time being of the Company or (as the context shall require) any of them acting as the board of directors of the Company.

"Employees' Share Scheme"

an employees' share scheme as defined in Section 743 of the Act with the addition to such definition of the expression "or consultants" after each reference in that Section to "employees".

"Equity Shares"

"A" Ordinary Shares and "B" Ordinary Shares.

"Equity Shareholders"

the holders for the time being of issued Equity Shares.

"Foresight"

Foresight Technology VCT PLC, a company registered in England under number 3421340, whose registered office is at Admiral Hawke House, Green Street, Sunbury on Thames, TW16 6RA.

"Index Linked"

in relation to any figure, shall mean that such figure shall be increased (but not decreased) by the percentage variation in the General Index of Retail Prices (all items) published by the Central Statistical Office (or equivalent if replaced) from the beginning to the end of the period for which any figure is to be so adjusted.

"Independent Accountant"

A chartered accountant (who is not an employee of or a partner in the Auditors) agreed between the members or (in default of agreement) nominated upon the application of any of them by the President for the time being of the Institute of Chartered Accountants in England and Wales, acting as an expert and not as an arbitrator, his decision to be final and binding on the parties and his fees to be borne by the Company or as he may otherwise direct.

"the Investor Director"

a person appointed as a director of the Company pursuant to Article 21.

"the Investment Agreement"

the agreement dated 4 March 1999 made between the Company (1), Frank Lewis and Steve Laitman (2), VCF Partners (3), Foresight (4), and Clearsearch Limited and Swiftventure Limited (5).

"the Investor Percentage"

the percentage of the Equity Shares for the time being in issue which is represented by the "A" Ordinary Shares for the time being in issue save that if, following the allotment and issue of "A" Ordinary Shares pursuant to the provisions of the Investment Agreement the Company issues shares of any class other than "A" Ordinary Shares at a price per share which is less than the Original Subscription Price:-

1. the Investor Percentage following that issue shall be calculated by taking into account only 66.667 per cent of the shares which are the subject-matter of that issue (so that for this purpose only 33.333 per cent of the shares in

question (rounded up or down to the nearest whole share) shall not be treated as Equity Shares);

2. If and to the extent that following that issue the Investor Percentage would be less than 20% (whether or not the Investor Percentage was less than 20% prior to that issue but subject to the provisions of paragraph 3 of this definition), the shares which are the subject-matter of that issue shall be disregarded altogether (and shall not be treated as Equity Shares);
3. If the Investor Percentage had been reduced below 20% prior to the date of that issue, the Investor Percentage shall remain as it was immediately prior to that issue.

"Listing"

the admission of any part of the equity share capital of the Company to the Official List of London Stock Exchange Limited or the grant of permission by London Stock Exchange Limited to deal in any of the Company's shares on the Alternative Investment Market of the London Stock Exchange or on any other recognised investment exchange (as defined by Section 207, Financial Services Act 1986) and such permission becoming effective;

"Original Subscription Price"

the sum per share subscribed for "A" Ordinary Shares issued and allotted pursuant to the provisions of the Investment Agreement, Index Linked in respect of each successive period of 12 calendar months beginning 1st March 1999 subject to such adjustment as the Auditors certify as being fair and reasonable for the purpose of comparing such sum with the consideration per share at which the Company issues further equity share capital in the event that following the date of the adoption of these Articles:-

1. there is a sub-division or consolidation of the Company's share capital or any class thereof;
2. there is an issue by way of rights or capitalisation of reserves in respect of the Company's share capital or any class thereof;
3. the nominal value of the shares being issued by the Company is not equal to the nominal value of the "A" Ordinary Shares for the time being; or

4. there is any other adjustment to the equity share capital of the Company which the Auditors believe merits such an adjustment.

"the paid up amount"

in respect of any share, the amount paid or credited as paid up on that share, excluding sums paid, or credited as paid by way of premium.

"equity share capital",
"subsidiary" and
"holding company"

shall have the meanings set out in Sections 744 and 736 of the Act.

"Sale"

the sale of the whole or substantially the whole of the undertaking of the Company or a subsidiary of the Company or more than 75 per cent of the equity share capital of the Company or a subsidiary of the Company;

"shares"

shares in the capital of the Company of any class (individually a "share").

"Trustee Shareholders"

Clearsearch Limited (a company incorporated in England and Wales under number 3709156 whose registered office is at Humberstone House, Humberstone Gate, Leicester LE1 1WB) and Swiftventure Limited (a company incorporated in England under number 3709040 whose registered office is at Humberstone House aforesaid).

3 SHARE CAPITAL

3.1 The share capital of the Company at the date of adoption of these Articles is £600,000 divided into 1,800,000 "A" Ordinary Shares of £0.10 each ("A" Ordinary Shares") and 4,200,000 "B" Ordinary Shares of £0.10 each ("B" Ordinary Shares").

3.2 In these Articles, unless the context requires otherwise, references to Equity Shares shall include shares of those respective classes created and/or issued after the date of adoption of these Articles.

4. The Equity Shares shall have, and be subject to, the following rights and restrictions:

4.1 Income

_____ The distribution of any of the profits of the Company shall require the prior approval of a special resolution. The profits of the Company which the Company may so resolve to distribute shall be applied as follows:

4.1.1 An amount equal to the Investor Percentage of such sums shall be distributed amongst the "A" Ordinary Shareholders in proportion to the paid up amounts on the "A" Ordinary Shares held by them respectively.

4.1.2 The balance of such sums shall be distributed amongst the "B" Ordinary Shareholders in proportion to the paid up amounts on the "B" Ordinary Shares held by them respectively.

Regulations 102 to 105 (inclusive) of Table A shall be subject to this 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.

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 as follows:-

4.2.1 A proportion of such assets equal to the Investor Percentage of such assets shall be paid to the "A" Ordinary Shareholders according to the paid up amounts on the "A" Ordinary Shares held by them respectively.

4.2.2 The balance of such assets shall be paid to the "B" Ordinary Shareholders according to the amounts paid up on the "B" Ordinary Shares held by them respectively.

4.3 Proceeds of sale

In the event of the sale of the whole of the issued share capital of the Company whether to a private purchaser or purchasers or to an institution or to the public the proceeds of such sale shall be apportioned as if they were surplus assets arising on a return of capital as contemplated under Article 4.2.

4.4 Voting

Subject to the special rights or restrictions as to voting attached to any shares:

4.4.1 on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative shall have one vote; and

4.4.2 on a poll:

4.4.2.1 every "B" Ordinary Shareholder who is present in person or by a proxy or (being a corporation) by a representative shall have one vote for every "B" Ordinary Share of which he is the holder and

4.4.2.2 every "A" Ordinary Shareholder who is present in person or by proxy or (being a corporation) by a representative shall, for every "A" Ordinary Share of which he is the holder, have such number of votes as is attributable to that share on the basis that (i) the issued "A" Ordinary Shares in aggregate are entitled to such proportion of the total voting rights capable of being cast at the relevant meeting as equals the Investor Percentage and (ii) that such voting rights attach to each "A" Ordinary Share on the basis that each such share shall have such proportion of those voting rights as is equal to the proportion such share represents to the aggregate number of "A" Ordinary Shares in issue for the time being.

4.5 **Conversion of "A" Ordinary Shares**

Upon a Sale or Listing a proportion of the "A" Ordinary Shares in issue shall be converted into Deferred Shares on the basis of one Deferred Share for each "A" Ordinary Share so converted and the remaining "A"

Ordinary Shares and "B" Ordinary Shares shall be converted into Ordinary Shares in accordance with the following provisions of this Article:

4.5.1 The Company shall serve notice on each "A" Ordinary Shareholder and "B" Ordinary Shareholder as soon as practicable to the effect that a Sale is proposed or an application has been made for a Listing (as the case may be).

4.5.2 Upon receipt of the notice referred to in Article 4.5.1 the "A" Ordinary Shareholders and the "B" Ordinary Shareholders shall send to the Company forthwith the certificates in respect of their holdings of "A" Ordinary Shares and "B" Ordinary Shares.

4.5.3 The number of the "A" Ordinary Shares (if any) to be converted into Deferred Shares shall be determined in accordance with Article 4.5.7. Those "A" Ordinary Shares not to be converted into Deferred Shares together with all of the "B" Ordinary Shares in issue shall be converted into Ordinary Shares (automatically and without further notice or resolution) immediately prior to the Sale or Listing when the Company shall issue to the "A" Ordinary Shareholders and the "B" Ordinary Shareholders certificates for the Ordinary Shares and Deferred Shares (if any) resulting from such conversion;

4.5.4 The Ordinary Shares resulting from conversion shall as from the date of conversion rank *pari passu* in all respects.

4.5.5 The Deferred Shares resulting from conversion shall have the following rights and be subject to the following restrictions:

4.5.5.1 Income and capital

Save as provided in Article 4.5.5.2 the holders of the Deferred Shares shall not (in that capacity) be entitled to any participation in the profits or the assets of the Company.

4.5.5.2 Winding up

In the event of a winding up of the Company after the distribution of the first £1000 million of the assets of the Company remaining after the payment of its debts and liabilities and of the costs charges and expenses of such winding-up, the holders of the Deferred Shares (if any) shall be entitled to receive (in priority to any further distribution) an amount per share equal to the nominal value of a Deferred Share.

4.5.5.3 Voting

The Deferred Shares shall not entitle the holders thereof to receive notice of or to attend or vote at any general meeting of the Company by virtue or in respect of their holding of such Deferred Shares.

4.5.5.4 Redemption, Cancellation or Purchase

The Company may, at its option at any time after a Sale or Listing, redeem, cancel or purchase all the Deferred Shares then in issue at a price not exceeding 1 pence for all the Deferred Shares redeemed, cancelled or repurchased at any one time (to be paid to such one of the holders as may be selected by the majority of such holders) upon giving the holder(s) of the Deferred Shares not less than 2 days notice in writing of its intention so to do, fixing a time and place for the redemption, cancellation or purchase.

- 4.5.6 The conversion of the "A" Ordinary Shares into Ordinary Shares and/or Deferred Shares shall be effected pro rata to each "A" Ordinary Shareholder's holding of "A" Ordinary Shares and the conversion of the "B" Ordinary Shares into Ordinary Shares shall be effected pro rata to each "B" Shareholder's holding of "B" Ordinary Shares.

4.5.7 Conversion into Deferred Shares

The number of "A" Ordinary Shares to be converted into Deferred Shares ("A") shall be determined as follows:

- (a) if the "A" Percentage is equal to 30 per cent or less, no "A" Ordinary Shares shall be converted; and
- (b) if the "A" Percentage is greater than 30 per cent, the number of "A" Ordinary Shares shall be such number (rounded to the nearest whole number of shares) as may be necessary to reduce the "A" Percentage to 30 per cent.

For this purpose, where the "A" Percentage means the percentage shareholding of the total issued share capital of the Company at the time of Sale or Listing represented by the "A" Ordinary Shares calculated on the basis that all outstanding options over "B" Ordinary Shares had been exercised.

5. ISSUE AND ALLOTMENT OF SHARES

Subject to the provisions of the Act and to any relevant authority of the Company in general meeting required by the Act, any unissued shares at the date of adoption of these articles and any shares hereinafter created shall be at the disposal of the Board which may allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of them, or rights to subscribe for or convert any security into shares, to such persons (including the Directors themselves), at such times and generally on such terms and conditions as the Board may decide, provided that no share shall be issued at a discount.

6 VARIATION OF CLASS RIGHTS

- 6.1 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 the 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 meeting all the provisions of these Articles relating to general meetings of the Company shall apply mutatis mutandis except that:

- 6.1.1 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
- 6.1.2 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.
- 6.2 Without prejudice to the generality of this Article, it is a term of issue of the "A" Ordinary Shares that the rights attached to such shares shall be deemed to be varied by the occurrence of any of the following events:
 - 6.2.1 any alteration or variation of any of the rights attached to any of the shares for the time being in the capital of the Company;
 - 6.2.2 any resolution to wind up the Company or any subsidiary;
 - 6.2.3 any increase in the issued capital of the Company other than an issue of up to 140 "B" Ordinary Shares pursuant to an Employees' Share Scheme approved by the holders of the "A" Ordinary Shares;
 - 6.2.4 any reduction or sub-division or consolidation of the authorised or issued share capital of the Company;
 - 6.2.5 the grant by the Company of a right to subscribe for, or to convert securities into shares in the capital of the Company except for the grant of rights to subscribe for up to 140 "B" Ordinary Shares (which on the date on which these articles are adopted represent in aggregate 15 percent of the issued share capital of the Company) pursuant to an Employees' Share Scheme approved by the holders of the "A" Ordinary Shares;
 - 6.2.6 the disposal of the undertaking of the Company or of any of its subsidiaries or any substantial part thereof or by the disposal of any share in the capital of any subsidiary of the Company;

- 6.2.7 the acquisition of any interest in any share in the capital of any company by the Company or any of its subsidiaries;
- 6.2.8 the application by way of capitalisation of any sum in or towards paying up any debenture or debenture stock of the Company;
- 6.2.9 any alteration of the restrictions on the powers of the directors of the Company and its subsidiaries to borrow, give guarantees or create charges;
- 6.2.10 the redemption of any of the Company's shares or the entering into of a contract by the Company to purchase any of its shares;
- 6.2.11 any alteration of the Company's memorandum or articles of association;
- 6.2.12 the appointment or removal of the auditors of the Company;
- 6.2.13 any alteration of the Company's accounting reference date;
- 6.2.14 the entering into of a written service agreement with any director or connected person (as defined by section 839 Income and Corporation Taxes Act 1988) or the material variation of any such existing service agreement with any such person;
- 6.2.15 any special resolution pursuant to Article 6.2.2; or
- 6.2.16 the calling of a meeting of the Company to effect or approve any matter which would by virtue of this article 6.2 be a variation of such class rights.

7 LIEN

The Company shall have a first and paramount lien on every share (which is not fully paid) to the extent and in the circumstances permitted by Section 150 of the Act for all and any indebtedness of any holder thereof to the Company (whether a sole holder or one of two or more joint holders) in respect of the shares concerned.

8 REGISTRATION OF TRANSFERS

8.1 The Directors shall be required (subject only to Regulation 24 of Table A and Article 8.2) to register promptly any transfer of shares made in accordance with the provisions of Articles 11, 15 and 16 provided in all cases a Deed of Adherence duly executed by all relevant parties is laid before the meeting at which the Transfer is to be approved, but shall not register any transfer of shares not so made.

8.2 In addition to the circumstances set out in Regulation 24 of Table A, the Directors may refuse to register a transfer of a share to a bankrupt, a minor or a person of unsound mind.

9 PRE-EMPTION RIGHTS - DEFINITIONS

In this Article and in Articles 10 to 16 inclusive the following words shall bear the following meanings:

"Acceptance
Period"

a period during which an offer made under Article 11.5 is open for acceptance;

"company"

includes any body corporate;

"Employee Trust"

a trust approved by the holders of 75% of the A Ordinary Shares for the time being in issue and whose

beneficiaries are bona fide employees of the Company;

"Excluded Person"

(a) any Member (or other person entitled to shares in the manner set out in Article 12.1) whom the Directors are entitled under Article 12.1 or Article 14 to require to give a Transfer Notice (but only throughout such time as the Directors are entitled to require him to give a Transfer Notice);

(b) any Member or other person who has been required to give a Transfer Notice under either of those Articles (whether or not that requirement has been complied with);

"Family Member"

in relation to any person or deceased person, such person's spouse, siblings and parents and every child and remoter descendant of such person (including stepchildren and adopted children);

"Family Trust"

in relation to any person or deceased person means trusts under which part or all of the beneficial interest in any of the Equity Shares in question is for the time being vested in any person being a Family Member of that person. For these purposes a person shall be deemed to be beneficially interested in an Equity 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;

"Member"

a holder of Equity 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 agreed or
determined pursuant to Article 11.4;

"the Priority Rights"

the rights to purchase Equity Shares
comprised in a Transfer Notice in the
priority stipulated in Article 11.6;

"Proposing
Transferor"

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

"Purchaser"

a Member willing to purchase Equity
Shares comprised in a Transfer
Notice;

"the Sale Shares"

all Equity Shares comprised in a
Transfer Notice;

"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 11;

"Transferor Company"

a company (other than a Transferee Company) which has transferred shares to a Member of the same Group;

"the Withdrawal Period"

the period referred to in Article 11.8 in which the proposing Transferor may revoke his Transfer Notice.

10 **PERMITTED TRANSFERS**

10.1 Subject to the provisions of Article 8, any Equity Shares may at any time be transferred by any Member pursuant to acceptance of any offer made to that Member under the requirements of Article 15 or as contemplated by Article 16.

10.2 Subject to the provisions of Article 8:

10.2.1 in the event of the death of any Member, any Equity Shares of which such Member is the holder at the time of such event may at any time following such event be transferred by that person's personal representative to trustees to be held on Family Trusts of such Member, or to a Family Member of such Member.

10.2.2 any Member, being a company, may transfer any Equity Shares to a Member of the same Group as such Member.

10.3 Where Equity Shares have been transferred to trustees under Article 10.2.1, on any change of trustees, the Relevant Shares may be transferred to the trustees for the time being of the trust concerned.

10.4 In the event that:

10.4.1 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 10.2.2) the Relevant Shares were derived; or

10.4.2 any Relevant Shares held by trustees cease to be held on a Family Trust of the Member or deceased Member concerned

the Member holding the shares shall notify the Directors in writing that that event has occurred and such Member shall be bound, if and when required in writing by the Directors 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 11.8 shall not apply).

For this purpose the expression "the Relevant Shares" means (so far as the same remain held by the trustees of a Family Trust or by any Transferee Company) the shares originally transferred to the trustees or to the 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.

11 PRE-EMPTION RIGHTS

- 11.1 The right to transfer Equity Shares or any interest therein shall (save in respect of transfers made pursuant to Article 10) be subject to the following restrictions.
- 11.2 Before transferring, or disposing of, any Equity Shares (or any interest in Equity Shares) the Proposing Transferor shall serve a notice on the Company specifying the number and class of Equity Shares in question, and the Transfer Notice shall constitute the Company his agent for the sale of those Equity Shares to any Member or Members. Except as provided in this Article, a Transfer Notice once given or deemed to be given shall not be revocable except with the consent of the Directors.
- 11.3 A Transfer Notice may comprise Equity Shares of more than one class and shall, if the Proposing Transferor has received any offer to purchase Equity Shares (whether or not an offer capable of becoming legally binding upon acceptance) within the period of three months prior to service of the Transfer Notice, give the name of the offeror, the number and class of Equity Shares concerned and the price offered in respect of each such Equity Share. A Transfer Notice may not be given by an Excluded Person unless required by the Directors under Article 10.4, Article 12.1 or Article 14.
- 11.4 11.4.1 If the Directors fail to agree the Prescribed Price with the Transferor within 14 days of receipt of the Transfer Notice by the Company, the Directors shall request the Auditors (acting as experts and not as arbitrators) to certify the Prescribed Price.
- 11.4.2 The Auditors shall within 14 days of such a request certify to the Company the Prescribed Price, being the value of each Sale Share (or, where appropriate of each Sale Share of each class) calculated on the following basis:
- 11.4.2.1 By determining the sum which an arm's length willing purchaser would offer to a willing vendor for the whole of the issued share capital of the Company;
- 11.4.2.2 By dividing the resultant figure between the of Equity Shares in such manner as the Auditors may consider to be appropriate by

reference to the rights and restrictions respectively attached thereto;

11.4.2.3 By dividing the sum attributable to the par value of each of the Equity Shares of the relevant class by the number of Equity Shares of that class in issue.

11.4.3 The Auditors' certificate as to the Prescribed Price shall be final and binding. If the Auditors are unwilling or unable to certify the Prescribed Price, the Company shall instruct an Independent Accountant to certify the prescribed price and his certificate as to the Prescribed Price shall be final and binding.

11.5 Within 14 days following receipt of the Transfer Notice or (where relevant) the date on which the Transfer Notice is deemed to have been given or (where the Prescribed price is certified by the Auditors or an Independent Accountant) the date of certification of the Prescribed Price, the Company shall offer the Sale Shares to each Member (other than the Proposing Transferor and any Excluded Person) in accordance with the Priority Rights for purchase at the Prescribed Price. All offers shall be made by notice in writing and state a time (being between thirty and forty two 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.

11.6 The Company shall offer the Sale Shares in the following priority:

11.6.1 first, to the other holders of Equity Shares of the same class; and, subject thereto

11.6.2 in the case of "A" Ordinary Shares, to the remaining holders of "A" Ordinary Shares, and subject thereto, to the holders of "B" Ordinary Shares;

11.6.3 in the case of "B" Ordinary Shares, to the remaining holders of "B" Ordinary Shares, and subject thereto, to the holders of "A" Ordinary Shares;

11.7 The Sale Shares shall be offered on the following basis:

11.7.1 If there is more than one holder of any class of shares ("the relevant class") to whom an offer is to be made pursuant to the Priority Rights the Equity Shares on offer shall be offered to such holders in proportion as nearly as may be to their existing holdings of shares of that class (as to which the Directors' decision shall be conclusive).

11.7.2 Any Member to whom Sale Shares are offered may accept all or some only of the Sale Shares offered to him, and shall be invited to indicate whether, if he accepts all such Sale Shares, he wishes to purchase any Sale Shares which other members decline to accept ("Excess Shares") and, if so, the maximum number which he wishes to purchase.

11.7.3 Any Excess Shares shall be allocated between the Members who have indicated that they wish to purchase Excess Shares pro rata (when calculated by reference to the proportion of the total number of Equity Shares of the relevant class held by the Members in question which is represented by the shares of that class held by each such Member) but so that no Member shall be required or entitled to receive more than the maximum number indicated by him pursuant to Article 11.7.2.

11.7.4 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 11.7 at the Prescribed Price

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

11.8.1 if it is the case, that no Member has sought to purchase any of the Sale Shares; or, otherwise

11.8.2 the number of Sale Shares which Members have sought to purchase, giving the name and address of each Purchaser and the number of Sale Shares to be purchased by him.

If within the Acceptance Periods, Purchasers have been found for some only of the Sale Shares or if no Purchaser has been found for any of the Sale Shares, the Proposing Transferor may within 7 days of service on him of notice under this Article 11.8 revoke his Transfer Notice by written notice to the Company.

- 11.9 If the Proposing Transferor is given notice under Article 11.8.2 (and subject to his not revoking his Transfer Notice in accordance with Article 11.8, where possible) he shall be bound on payment of the Prescribed Price to transfer the Sale Shares in question to the respective Purchasers. The sales and purchases shall be completed at the registered office of the Company during normal business hours on the first business day after the expiry of 14 days from the date of service of notice by the Company under Article 11.8.2.
- 11.10 If a Proposing Transferor fails to transfer any Ordinary Shares to a Purchaser after becoming bound 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 Ordinary Shares. The Company's receipt of the purchase money shall be a good discharge to the Purchaser and the Company shall thereafter hold the purchase money on trust for the Proposing Transferor. After the name of the Purchaser has been entered in the register of members in purported exercise of these powers, the validity of the proceedings shall not be questioned by any person.
- 11.12 If the Company fails before the end of the last Acceptance Period to find a Purchaser or Purchasers for any of the Sale Shares, the Proposing Transferor may sell all or any of the Sale Shares.
- 11.13 If the Company fails before the end of the last Acceptance Period to find a Purchaser or Purchasers for some (but not all) of the Sale Shares and serves notice accordingly under Article 11.8 the Proposing Transferor may sell all or any of the Sale Shares for which no Purchaser has been found unless he revokes his Transfer Notice under Article 11.8 (where possible).
- 11.14 The right of the Proposing Transferor to sell Sale Shares pursuant to Article 11.11 or Article 11.12 shall be subject to the following restrictions:

- 11.14.1 Sale Shares may not be sold after the expiry of three months after the date on which notice is given under Article 11.8.
- 11.14.2 The Sale Shares must be sold on a bona fide sale at a price not less than the Prescribed Price and without any deduction, rebate or allowance whatsoever to the purchaser.
- 11.14.3 The provisions of Article 14 if applicable.
- 11.14.4 No Equity Shares may be transferred, or disposed of, pursuant to this Article 11.13 by any person who is an Excluded Person unless the Directors resolve to approve such transfer or disposal.

11.15 The restrictions imposed by this Article 11 may be waived in relation to any proposed transfer of Equity 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 11.6.

12 DEATH, BANKRUPTCY ETC

12.1 A person entitled to a share in consequence of the bankruptcy, receivership, liquidation or death of a Member shall (subject to Article 12.2) be bound at any time, if required in writing to do so by the Directors not later than 90 days after the Directors receive notice from the person concerned that he has become so entitled to give a Transfer Notice in respect of all the shares then registered in the name of the deceased or insolvent Member. Regulations 29 to 31 of Table A shall take effect accordingly.

12.2 If any person (an "Employee Member") ceases to be an employee or director of the Company or its subsidiaries (so that he is no longer an employee of or a director of the Company or at least one of its subsidiaries):-

12.2.1 he shall not be deemed to have given a Transfer Notice if the reason for his ceasing to be an employee or a director is his death;

12.2.2 if the date on which he ceases to be an employee or a director ("the Termination Date") is on or before 31st March 2001, he shall be deemed to have given a Transfer Notice in respect of 50% of the shares registered in his name as at the Termination Date;

12.2.3 If the Termination Date is between 1st April 2001 and 31st March 2003, he shall be deemed to have given a Transfer Notice in respect of 25% of the shares registered in his name as at the Termination Date unless the reason for his ceasing to be an employee or a director is his retirement (by reason of ill health or on reaching normal retirement age), his having been made redundant (or terms approved by the Investor Director) or his having been dismissed in circumstances where the dismissal is determined by a court or an Industrial Tribunal (or agreed by the Company with the approval of the Investor Director) to have been an unfair or a wrongful dismissal;

12.2.4 if he ceases to be an employee or a director in circumstances other than those contemplated by articles 12.2.1, 12.2.2 and 12.2.3, he shall not be deemed to have given a Transfer Notice at all.

12.3 If a Transfer Notice is deemed to have been given pursuant to Article 12.2, or Article 12.3 the Prescribed Price shall be deemed to be the lower of the price certified by the Auditors in accordance with Article 11.4 and the Original Subscription Price (which shall be determined as in the definition of that phrase in Article 2 but as if that the reference to the sums originally subscribed being Index-Linked had been deleted).

12.4 If a Transfer Notice is deemed to have been given pursuant to articles 12.2 and 12.3, the "A" Ordinary Shareholders holding between them more than 50% of the A Ordinary Shares for the time being in issue may within fourteen days following the date on which the Transfer Notice is deemed to have been given, by notice in writing to the Directors specify that instead of being offered in accordance with the Priority Rights the shares in question shall first of all be offered to an Employee Trust for purchase at the Prescribed Price ("the Employee Trust Option") or that the shares in question should be purchased by the Company under Chapter VII of Part V of the Act ("the Purchase of

Own Shares Option"). If it exercises either such right, any offer already made pursuant to Article 11.5 shall be deemed never to have been made.

12.5 If the Employee Trust Option is specified, the provisions of Articles 11.5, 11.9 and 11.10 shall apply mutatis mutandis but if the offer to the Employee Trust is not accepted within the relevant Acceptance Period, the shares in question shall, within 7 days following the expiry of that acceptance period, be offered to each Member (other than the Employee Member and any Excluded Person) in accordance with the provisions of articles 11.5 to 11.14.

12.6 If the Purchase of Own Shares Option is specified, the Directors shall proceed to convene as soon as practicable an extraordinary general meeting to approve the purchase of all (but not some only) of the shares in question on the terms specified in this Article and, if required, to approve a payment in respect of the purchase otherwise than out of distributable profits or the proceeds of a fresh issue of shares and the Directors shall ensure that the other formalities required by the Act are expeditiously complied with. Provided that it is lawfully able to do so, the Company shall be obliged to purchase the shares in question and the Employee Member shall be obliged to sell the shares in question to the Company at the Prescribed Price, on the basis that the sale will be made with full title guarantee and on the basis that the Prescribed Price will be paid in full in cash on completion of the sale and purchase. If the Employee Member fails to complete the sale of the shares in question to the Company, the Directors may authorise any person to execute on behalf of and as attorney for the Employee Member an appropriate contract and, in the absence of the relative share certificate, any indemnity in respect thereof requested by the Directors and may deliver it or them on its behalf. The Company shall send a cheque in respect of the Prescribed Price to the Employee Member at his registered address and after appropriate entries have been made in the register of members in purported exercise of this power, the validity of the proceedings shall not be questioned by any person. If the Company fails to complete the purchase within 42 days after the date on which it became obliged to complete the purchase, the shares in question shall be offered to each Member (other than the Employee Member and any Excluded Person) in accordance with the provisions of articles 11.5 to 11.14.

12.7 If the Company purchases any shares pursuant to Article 12.7, an identical number of shares of the same class may be issued to a person approved by the "A" Ordinary Shareholders holding between them more than 50% of the A Ordinary Shares for the time being in

issue and the provisions of Article 5.1 shall not apply to any such issue.

13 **DEEMED TRANSFER NOTICES**

In any case where the Directors may require a Transfer Notice to be given, the Transfer Notice (if given) shall not be capable of revocation under Article 11.8. If a Transfer Notice is not duly given within a period of two weeks of notice being given requiring the Transfer Notice to be given, a Transfer Notice in respect of the Equity Shares in question shall be deemed to have been given at the expiration of that period in respect of the Equity Shares in question. Such a deemed Transfer Notice and any Transfer Notice deemed to have been given or required to be given under any other provision of these Articles shall not be capable of revocation under Article 11.8. Any Transfer Notice deemed to have been given or required to be given under any provision of these Articles shall (notwithstanding any of the provisions of these Articles) extend not just to the shares registered in the name of the Member concerned but to any other Member holding shares which are Relevant Shares (within the meaning of article 10.4) in respect of the Member concerned and in the case of Mr S. Laitman shall extend to any shares registered in the name of Clearsearch Limited and in the case of Mr. F. Lewis to any shares registered in the name of Swiftventure Limited.

14 **EVIDENCE OF COMPLIANCE**

For the purpose of ensuring that a transfer of Equity Shares is duly authorised under these Articles or that no circumstances have arisen requiring a Transfer Notice to be given, the Directors require any Member or the personal representatives or trustee in bankruptcy, receiver or liquidator of any Member or any person named as transferee in any instrument of transfer lodged for registration to provide to the Company such information as the Directors reasonably think fit regarding any matter which they consider relevant. 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 Equity 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 Equity Shares the Directors may by notice in writing require that a Transfer Notice be given in respect of the Equity Shares concerned.

15 **CHANGES OF CONTROL**

15.1 Subject at all times to the provisions of the City Code on Take-Overs and Mergers notwithstanding the provisions of Article 11 no sale or transfer of the legal or beneficial interest in any Equity Shares ("the Relevant Transaction") (other than one made pursuant to Article 10) may be made or validly registered if as a result of such sale or transfer a Relevant Interest is obtained by a person (or persons acting in concert) where such person(s) did not have a Relevant Interest immediately prior to the relevant transaction, unless the Proposing Transferor shall have procured a written offer complying with the provisions of Article 15.3 to have been made by the proposed transferee (or any person or persons acting in concert with it) to the holders of all the other issued Equity Shares in the Company to acquire their entire holding of Equity Shares.

15.2 For the purpose of this Article 15:

15.2.1 the expression "a Relevant Interest" shall mean an interest in 50 per cent of the Equity Shares in issue for the time being;

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

15.2.3 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).

15.3 The offer referred to in Article 15.1 above shall be on terms that:

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

15.3.2 each Member to whom it is made shall be entitled to receive for each of the Equity Shares held by him not less than the consideration 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 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;

15.3.3 the purchase of any shares in respect of which such offer is accepted shall be completed at the same time as the relevant transaction.

16 COME ALONG

- 16.1 If one or more members of the Company holding between them not less than 75 per cent of the Equity Shares for the time being in issue ("the Vendors") propose to sell the legal or beneficial interest in their entire holdings of Equity Shares to a person with whom none of them is connected, as defined in Section 228 Income and Corporation Taxes Act 1988, and the Vendors procure that an offer is made by the proposed transferee (or any person or persons acting in concert with it) ("the Offerors") to the holders of all other issued Equity Shares in the Company to acquire their entire holdings of Equity Shares and that offer ("the Come Along Offer") complies with the requirements of Article 15.3 as if the Vendors' proposed sale was a Relevant Transaction, the Vendors shall have the right ("the Come Along Right") to require all of the other holders of Equity Shares ("the Called Shareholders") to accept the Come Along Offer in full.
- 16.2 The Come Along Right may be exercised by the Vendors serving notice to that effect ("the Come Along Notice") on the Called Shareholders at the same time as, or within 7 days following, the making of the Come Along offer.
- 16.3 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 Vendors do not transfer their entire holdings of Equity Shares to 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 Come Along Offer.
- 16.4 Each of the Called Shareholders shall be bound to accept the Come Along Offer made to him in respect of his entire holding of Equity Shares and to transfer such shares in accordance with the provisions of the Come Along Offer.

- 16.5 If that any Called Shareholder fails to accept the Come Along Offer or, having accepted such offer, fails to complete the sale of any of its shares pursuant to the Come Along Offer or otherwise fails to take any action required of it under the terms of the Come Along Offer, the Directors (or any of them) may authorise any person to accept the Come Along Offer on behalf of the Called Shareholder in question or undertake on his behalf any other action required under the terms of the Come Along Offer. In particular (but without limitation) the Directors shall have the same rights as given to them under Article 11.10.

17. PROCEEDINGS AT GENERAL MEETINGS

- 17.1 Save as herein otherwise provided two Equity Shareholders present in person or by proxy (or, being a corporation, by representative) shall be a quorum, of whom one must be a proxy or duly authorised representative of Foresight.
- 17.2 If a quorum is not present within half an hour from the time appointed for a general meeting or ceases to be present the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine.
- 17.3 If at an adjourned meeting a quorum for the purposes of Article 17.1 is not present within half an hour from the time appointed for the meeting the meeting shall be dissolved, unless the meeting was adjourned for 13 days or more and due notice in such regard was given to the Member within 5 days of the adjournment whereupon the quorum at any such adjourned meeting shall be any two Members present in person or by proxy (or, being a corporation, by representative).
- 17.4 In the case of an equality of votes at a general meeting, whether on a show of hands or on a poll, the chairman of the meeting at which the poll is demanded shall not be entitled to a second or casting vote.

18. ALTERNATE DIRECTORS

At the end of Regulation 66 of Table A there shall be added the words:

"nor shall any meeting of the Directors be invalid because notice thereof or of any business to be transacted at that meeting was not given to any alternate director if his appointor attends such meeting.

19. **APPOINTMENT AND RETIREMENT OF DIRECTORS**

19.1 The Directors shall not be required to retire by rotation.

19.2 The Company subject to the provisions of the Act may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director.

19.3 The Directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of directors.

20. **PROCEEDINGS OF THE DIRECTORS**

20.1 The number of Directors shall not be less than two nor more than six.

20.2 Subject to Article 20.5 the quorum necessary for the transaction of business of the Directors shall be two, at least one of whom shall be the Investor Director if at the time of the meeting an Investor Director has been appointed. If a quorum is not present within half an hour from the time appointed for any meeting of the Directors as a consequence of the failure of the Investor Director to attend the meeting shall stand adjourned for not less than 48 hours. In the event that the Investor Director fails to attend such adjourned meeting then, provided that reasonable notice of such adjourned meeting shall have been given to the Investor Director in writing (with a copy to the "A" Shareholder who for the time being holds the largest number of "A" Ordinary Shares in issue in accordance with Article 24) the quorum for such adjourned meeting shall be one.

20.3 At any meeting of the Directors each Director (or his alternate Director) present at the meeting shall be entitled to one vote.

20.4 In the case of an equality of votes at any meeting of the Directors the chairman of such meeting shall not be entitled to a second or casting vote. Regulation 88 of Table A shall be modified accordingly.

20.5 Subject to the provisions of the Act, and provided that he has disclosed to the Directors the nature and extent of any interest of his, a Director notwithstanding his office:

20.5.1 may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;

20.5.2 may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;

20.5.3 may or any firm or company of which he is a member or director *may act in a professional capacity for the Company* or any body corporate in which the Company is in any way interested;

20.5.4 shall not by reason of his office be accountable to the Company for any benefit which he derives from such office, service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and

20.5.5 shall be entitled to vote on any resolution and (whether or not he shall vote) be counted in the quorum on any matter referred to in any of Articles 20.5.1 to 20.5.4 (inclusive) or on any resolution which in any way concerns or related to a matter in which he has, directly or indirectly, any kind of interest whatsoever and if he shall vote on any resolution as aforesaid his vote shall be counted.

20.6 For the purposes of Article 20.5:

20.6.1 a general notice to the Directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall not be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;

20.6.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and

20.6.3 an interest of a person who is for any purpose of the Acts connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

20.7 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 Acts, 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.

20.8 Regulation 88 of Table A shall be amended by substituting for the sentence:- "It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom" the following sentence: "Notice of every meeting of the directors shall be given to each director and his alternate, including directors and alternate directors who may for the time being be absent from the United Kingdom and have given the Company an address within the United

Kingdom or an e-mail address or a facsimile number outside the United Kingdom for service".

20.9 Regulations 94 to 97 (inclusive) of Table A shall not apply to the Company.

21. **THE INVESTOR DIRECTOR**

21.1 The "A" Ordinary Shareholders shall be entitled to appoint one person as a director of the Company and to remove from office any person so appointed and (subject to such removal) to appoint another person in his place.

21.2 The Investor Director shall not be required to hold any shares.

21.3 Any appointment or removal of an Investor Director shall be by signed instrument in writing served on the Company by the "A" Ordinary Shareholders holding between them more than 50 per cent of the "A" Ordinary Shares for the time being in issue and shall take effect on and from the date of which such instrument is lodged or deposited at the registered office of the Company.

21.4 On any resolution to remove an Investor Director the Shares held by the "A" Ordinary Shareholders shall together carry at least one vote in excess of 75 per cent of the votes exercisable in respect of that resolution at the general meeting at which such resolution is to be proposed and if any such Investor Director is removed pursuant to Section 303 of the Act the "A" Ordinary Shareholders may reappoint him or any other person as the Nominated Director.

21.5 If:

21.5.1 a material breach of any of the warranties contained in the Investment Agreement has occurred (and for the purpose of this article 21.5 a breach shall be regarded as "material" if the amount claimed by Foresight as certified in writing by a firm of solicitors acting for Foresight (such certificate to be accompanied by an opinion from a barrister of not less than 10 years' call and who is experienced in advising on such matters to the effect

that, on the basis of the instructions given to him Foresight appears prima facie to be entitled to claim £50,000 or more) (alone or when aggregated with the amounts claimed in respect of any other breach or breaches) amount to £50,000 or more;

21.5.2 a material breach of any other obligation contained in the Investment Agreement, these Articles or the contract of employment of any director has occurred;

21.5.3 at any time prior to 31st March 2001 the book value of the net assets of the Company (as shown by the most recent management accounts) falls to less than £250,000 (or such lower figure as the Directors may from time to time resolve by way of a resolution of which the Investor Director votes in favour)

and the Investor Director has given written notice to the Directors that the provision of this Article should have effect, until such time as written notice is given by the Investor Director that the provisions of this Article should cease to have effect in relation to the matter in question, which will be given as soon as the relevant circumstance prompting the giving of the notice is no longer applicable or has been remedied, the Investor Director alone shall count as a quorum at any meeting of Directors and shall be entitled at any meeting of Directors to cast such number of votes which exceeds the votes cast for a resolution against which the Investor Director is opposed.

22 DIRECTORS' BORROWING POWERS

22.1 Subject as hereinafter provided the Directors may exercise all the powers of the Company (whether express or implied) of borrowing or securing the payment of money, of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts, and of mortgaging or charging the undertaking, property, assets and uncalled capital of the Company and (subject to section 80 of the Act) of issuing debentures.

22.2 Except with the prior sanction of the holders of three-fourths of the issued "A" Ordinary Shares no mortgage or charge shall be created on any part of the undertaking, property, assets or uncalled capital of the Company or any subsidiary of the Company except for the purpose of

securing money borrowed from bankers together with interest thereon and costs and expenses relating thereto.

23 **THE SEAL**

The obligation under regulation 6 of Table A relating to the sealing of share certificates shall only apply if the Company has a seal.

24 **NOTICES**

24.1 Without prejudice to the provisions of Regulation 112 of Table A, the Company may also give notice to a Member by e-mail to an e-mail address or by facsimile to a facsimile number supplied by the member for such purpose.

24.2 Where a notice is sent by facsimile a transmission report showing that the facsimile was transmitted in full to the correct number shall be conclusive evidence that the notice was given and the notice shall be deemed to have been given at the time of transmission. Regulation 115 of Table A shall not apply to the Company.

25 **WINDING UP**

In regulation 117 of Table A, the words "with the like sanction" shall be inserted immediately before the words "determine how the division."

26 **INDEMNITY**

26.1 Subject to the provisions of section 310 of the Act every director (including an alternate director) or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the lawful execution of the duties of this office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 144 or section 727 of the Act in which relief is granted to him by the court, and no director (including an alternate director) or other officer shall be liable for any loss, damage or misfortune which may happen to or be

incurred by the Company in the lawful execution of the duties of his office or in relation thereto.

26.2 The Directors shall have power to purchase and maintain for any director, (including an alternate director) officer or auditor of the Company insurance against any such liability as is referred in section 310 (1) of the Act and, subject to the provisions of the Act, against any other liability which may attach to him or loss or expenditure which he may incur in relation to anything done or alleged to have been done or omitted to be done as a director, (including as an alternate director) officer or auditor.

26.3 The Directors may authorise the directors of companies within the same group of companies as the Company to purchase and maintain insurance at the expense of the Company for the benefit of any director (including an alternate director), other officer or auditor of such company in respect of such liability, loss or expenditure as is referred to in Article 26.2