

Company No: 3647615

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
SPECIAL RESOLUTION IN WRITING

of

HOLIDAY HYPERMARKETS (1998) LIMITED

pursuant to section 381A of the Companies Act 1985

passed on 27th October, 1998

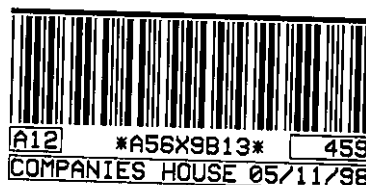
We, the undersigned, being the sole member of the Company entitled to receive notice and to attend and vote at general meetings of the Company hereby resolve pursuant to section 381A of the Companies Act 1985 by way of Special Resolution as follows:

SPECIAL RESOLUTION

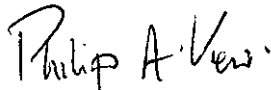
That:

- (1) the existing issued 50,000 Ordinary Shares of £1 each in the capital of the Company be and the same are hereby converted to 50,000 Deferred Ordinary Shares of £1 each having the rights and being subject to the restrictions attaching to them as set out in the Articles of Association adopted pursuant to paragraph 7 of this Resolution;
- (2) the existing issued 450,000 Deferred Shares of £1 each in the capital of the Company be and the same are hereby converted to 450,000 Deferred Ordinary Shares of £1 each having the rights and being subject to the restrictions attaching thereto as set out in the Articles of Association adopted pursuant to paragraph 7 of this Resolution;
- (3) the authorised share capital of the Company be and the same is hereby increased from £500,000 to £20,000,000 by the creation of:-
 - (a) 19,450,000 Deferred Ordinary Shares of £1 each;
 - (b) 37,500 'A' Ordinary Shares of £1 each; and
 - (c) 12,500 'B' Ordinary Shares of £1 each

having the rights and and being subject to the restrictions respectively attaching to them as set out in the Articles of Association adopted pursuant to paragraph 7 of this Resolution;



- (4) for the purposes of Section 80 of the Companies Act 1985, the directors be and are hereby generally and unconditionally authorised to allot relevant securities (as defined by that Section) up to a maximum nominal value of the authorised (as increased by paragraph 3 of this Resolution) but as yet unissued share capital of the Company provided that this authority shall expire five years after the passing of this resolution;
- (5) the directors (being generally authorised by paragraph 4 of this Resolution for the purposes of Section 80 of the Companies Act 1985) be and they are hereby unconditionally empowered pursuant to section 95 of the Companies Act 1985 to allot or agree to allot 37,500 'A' Ordinary Shares of £1 each, 12,500 'B' Ordinary Shares of £1 each in the capital of the Company and 19,450,000 Deferred Ordinary Shares of £1 each in the capital of the Company and that the provisions of sections 89 and 90 of the Companies Act 1985 shall not apply to any such allotment or agreement to allot provided that this authorisation shall expire five years after the passing of this resolution
- (6) there be allotted 37,500 'A' Ordinary Shares of £1 each and 12,500 'B' Ordinary Shares of £1 each in the capital of the Company at a premium of £838.86 per share to Co-op Holiday Hypermarkets (1998) Limited payable in cash in full on allotment and that any pre-emption rights affecting such allotment pursuant to the Articles of Association of the Company adopted pursuant to paragraph 7 of this Resolution be and are hereby waived for the purposes of effecting such allotment of shares; and
- (7) the Articles of Association contained in the document annexed to this resolution and initialled for the purposes of identification be adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company.


.....
Chairman duly authorised signatory
Co-op Holiday Hypermarkets (1998) Limited

Dated..... 27th October 1998

Handwritten signatures and initials, including "PAK".

No. 3647615

THE COMPANIES ACT 1985
*1985

COMPANY LIMITED BY SHARES

NEW
ARTICLES OF ASSOCIATION
of
HOLIDAY HYPERMARKETS (1998) LIMITED

(Adopted by Special Resolution passed on__ October 1998)

Herbert Smith
Exchange House
Primrose Street
London EC2A 2HS
Tel: 0171-374 8000
Telex: 886633
Fax: 0171-374 0888
Ref:
2328/3796/30790856
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hypermarkets\docs\art_1998-10-
15_us-ws_firm-stakeholder.doc

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No. 3647615

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION

of

HOLIDAY HYPERMARKETS (1998) LIMITED

(Adopted by Special Resolution passed on
__ October 1998)

1. PRELIMINARY

1.1 Definitions

In these Articles:

"Act" means, subject to paragraph 1.3 of this Article, the Companies Act 1985;

"A Director" means a director appointed by the A Ordinary Shareholder(s) and holding office pursuant to Article 19;

"A Ordinary Share" means an A Ordinary Share of £1 in the capital of the Company;

"A Ordinary Shareholder" means a registered holder of an A Ordinary Share;

"Articles" means these articles of association, as from time to time altered;

"associate" means any company 20 per cent. or more of the equity share capital of which is beneficially owned from time to time by the Company and/or its subsidiaries (whether individually or in aggregate);

"Auditors" means the auditors of the Company from time to time;

"Business Day" means a day (excluding Saturdays) on which banks are open for business in the City of London;

"Board" the board of directors of the Company, as from time to time constituted;

"B Director" means a director appointed by the B Ordinary Shareholder(s) and holding office pursuant to Article 19;

"B Ordinary Share" means a B Ordinary Share of £1 in the capital of the Company;

"B Ordinary Shareholder" means a registered holder of a B Ordinary Share;

"the Business" means the business of the operation of retail travel agents and retail sale of holidays and related products and services (including foreign exchange services) carried on under the name "Holiday Hypermarkets" and owned and operated by the Company at the date of adoption of these Articles;

"Buyer" means any person (other than the registered shareholders of the Company as at the date of adoption of these Articles or a Member of the Same Group as such shareholder) and shall include a Connected Person or Concert Party with such person;

"Change of Control" means, in respect of any Participating Ordinary Shareholder being a company Industrial and Provident Society or other body corporate, the obtaining of Control by any person or Concert Party who did not previously exercise Control, of:

- (a) such Participating Ordinary Shareholder, or
- (b) any person who (whether directly or by means of holding Control over one or more other persons) has Control of such Participating Ordinary Shareholder.

other than, in either case, where the person obtaining such Control is a Member of the Same Group as such Participating Ordinary Shareholder.

"Concert Party" means any person with which any relevant person is acting in concert within the meaning of the City Code on Takeovers and Mergers or would be so acting in concert if the City Code on Takeovers and Mergers applied in the relevant case;

"Connected Person" means any person with which any relevant person is connected (as determined in accordance with the provisions of section 839 of the Income and Corporation Taxes Act 1988);

"Control" means:

- (a) the power (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) to appoint and/or remove all or such of the members of the board of directors or other governing body of a person as are able to cast a majority of the votes capable of being cast by the members of that board or body on all, or substantially all, matters, or otherwise to control or have the power to control the policies and affairs of that person (and for the purposes of determining whether the power to appoint or remove directors exists the provisions of s.736A of the Act shall apply); and/or

- (b) the holding and/or possession of the beneficial interest in and/or the ability to exercise the voting rights applicable to shares or other securities in any person (whether directly or by means of holding such interests in one or more other persons) which confer in aggregate on the holders thereof 30 per cent. or more of the total voting rights exercisable at general meetings of that person on all, or substantially all, matters;

"Controlling Interest" means shares (or the beneficial interest in shares) which confer in aggregate on the holders thereof more than 30 per cent of the total voting rights confirmed by all the shares in issue at the relevant time and conferring the right to vote at all general meetings of the Company;

"Co-op Group" means collectively retail Co-operative Societies who are members of the Co-operative Union, each such Society being a member of the Co-op Group;

"Default Transfer Notice" has the meaning given in Article 12;

"Deferred Ordinary Shares" means a deferred ordinary share of £1 in the capital of the Company;

"Event of Default" means, in respect of any Participating Ordinary Shareholder, an event specified in any Relevant Agreement which entitles the other parties thereto (i) to terminate such Relevant Agreement with respect to that Participating Ordinary Shareholder and/or (ii) to require that a Default Transfer Notice be deemed to be given by such Participating Ordinary Shareholder ("**enforcement action**") and in respect of which breach, enforcement action has been taken;

"Group" means the Company and its subsidiaries from time to time;

"holding company" means a holding company as defined in section 736 and section 736A of the Act;

"Member of the Same Group" means, in relation to any company, a company which is for the time being the ultimate holding company of such company or a wholly-owned subsidiary of any such holding company and without prejudice to the foregoing, in relation to the A Ordinary Shareholder as at the date of adoption of these Articles, any member of the Co-op Group;

"Ordinary Shares" means the Participating Ordinary Shares and the Deferred Ordinary Shares;

"Ordinary Shareholder" means a registered holder of Ordinary Shares;

"Participating Ordinary Shares" means A Ordinary Shares and B Ordinary Shares;

"Participating Ordinary Shareholder" means a registered holder of Participating Ordinary Shares;

"Prescribed Price" has the meaning given in Article 11;

"Relevant Agreement" means any agreement to which the Participating Ordinary Shareholders (in their capacity as shareholders in the Company) are party relating to the business and affairs of the Company;

"subsidiary" means a subsidiary as defined in section 736 and section 736A of the Act;

"Table A" means Table A in the Companies (Tables A to F) Regulations 1985 in force at the date of adoption of these Articles; and

"Transfer Notice" has the meaning given in Article 11.

1.2 Same meanings as in the Act

Save as provided in Article 1.1 and unless the context otherwise requires, words or expressions contained in these Articles bear the same meaning as in the Act.

1.3 Statutory modification

In these Articles, unless expressly provided to the contrary, a reference to any statute or provision of a statute includes a reference to any statutory modification or re-enactment of it and to any subordinate legislation made under it in each case for the time being in force.

1.4 Number, gender and person

In these Articles, unless the context otherwise requires:

- (A) words in the singular include the plural, and vice versa;
- (B) words importing any gender include all genders; and
- (C) a reference to a person includes a reference to a company and to an unincorporated body of persons.

1.5 Miscellaneous interpretation

In these Articles:

- (A) references to writing include references to typewriting, printing, lithography, photography and any other modes of representing or reproducing words in a legible and non-transitory form;
- (B) references to "executed" includes any mode of execution;
- (C) references to "other" and "otherwise" shall not be construed *eiusdem generis* where a wider construction is possible;
- (D) references to a power are to a power of any kind, whether administrative, discretionary or otherwise;
- (E) references to a committee of the directors are to a committee established in accordance with these Articles, whether or not comprised wholly of directors; and
- (F) references to "designation" in the context of Participating Ordinary Shareholders or directors are to A or B Ordinary Shareholders or directors, as appropriate.

1.6 Headings

Headings are inserted for convenience only and do not affect the construction of these Articles.

1.7 Articles and Regulations

In these Articles a reference to an Article is to a clause of these Articles and a reference to a Regulation is to a regulation in Table A.

2. TABLE A

The Regulations contained in Table A shall apply to the Company save insofar as they are varied or excluded by or are inconsistent with these Articles. Regulations 40, 50, 54, 64 to 69 (inclusive), 72, 73 to 77 (inclusive), 78, 80, 81, 84, 88, 89, 93, 94, 95 and 118 in Table A shall not apply to the Company.

3. SHARE CAPITAL

The share capital of the Company on the date of adoption of these Articles is £20,000,000 divided into 37,500 A Ordinary Shares, 12,500 B Ordinary Shares and 19,950,000 Deferred Ordinary Shares.

4. CLASSES OF SHARES

The shares of each class of shares shall entitle the holders thereof to the respective rights and privileges and subject them to the respective restrictions and provisions hereinafter appearing. The A Ordinary Shares and the B Ordinary Shares shall, except where otherwise provided herein, confer upon the holders thereof the same rights.

5. RIGHTS ATTACHING TO ORDINARY SHARES

Subject to any special rights which may be attached to any class of shares issued after the date of adoption of these Articles the rights attaching to the Ordinary Shares are as follows:

(A) Capital

On a return of assets on liquidation or otherwise, the assets of the Company available for distribution among the members (i) shall be applied first in paying to the Participating Ordinary Shareholders a sum equal to the nominal amount of each Participating Ordinary Share held by them (ii) secondly (subject to (iii)) the balance of such assets (if any) shall be distributed amongst the Participating Ordinary Shareholders, pro rata (as nearly as may be) according to the nominal amounts paid up or credited as paid up on the Participating Ordinary Shares held by them respectively; (iii) thirdly, following payment to the Participating Ordinary Shareholders of £1,000,000 in respect of each Participating Ordinary Share held by them pursuant to the foregoing provisions of this paragraph (A) the balance of such assets (if any) shall be applied in paying to the Deferred Ordinary Shareholders a sum equal to the nominal amount of each Deferred Ordinary Shareholder held by them; and (iv) fourthly, the balance of such assets (if any) shall be distributed amongst the Participating Ordinary Shareholders, pro rata (as nearly as may be) according

to the nominal amounts paid up or credited as paid up on the Participating Ordinary Shares held by them.

(B) Income

Subject to the provisions of these Articles, the profits of the Company available for distribution and resolved to be distributed in respect of any financial year shall be distributed among the Participating Ordinary Shareholders. Every dividend shall be distributed to the Participating Ordinary Shareholders pro rata (as nearly as may be) according to the number of the Participating Ordinary Shares held by them respectively. The Deferred Ordinary Shares shall have no right to participate in the profits of the Company.

(C) Voting

Subject to any special rights, privileges or restrictions attached to any Participating Ordinary Shares, at a general meeting of the Company on a show of hands every Participating Ordinary Shareholder who (being an individual) is present in person or by proxy (not being himself a member) or (being a corporation) is present by a representative duly authorised under section 375 of the Act (not being himself a member) shall have one vote, and on a poll every Participating Ordinary Shareholder present in person, by representative or by proxy shall have one vote for every Participating Ordinary Share of which he is the holder. The Deferred Ordinary Shares shall have no rights to vote at a general meeting of the Company.

6. CLASS CONSENTS

6.1 B Ordinary Shares

Without prejudice to any other provision of these Articles none of the following shall occur unless the holders of the B Ordinary Shares in issue consent in accordance with the provisions of Article 15 and of the Act. Such right shall attach to the B Ordinary Shares as a separate class and shall only be varied in accordance with the provisions of Article 15 and of the Act provided always that such right in respect of the matters described in paragraphs (A) to (O) and (Q) below shall lapse and no longer be capable of exercise by a B Ordinary Shareholder immediately upon a Change of Control of that B Ordinary Shareholder where such Change of Control arises by virtue of a Change of Control of First Choice Holidays PLC:

- (A) any change of Auditors;
- (B) any alteration of the accounting reference date of the Company;
- (C) any alteration of the Memorandum or Articles of Association of the Company or to the numbers of directors referred to in Article 19 or any act, matter or omission in breach of, or contrary to, the provisions of the Memorandum or Articles of Association of the Company;

- (D) any consolidation or re-denomination of any shares of the Company into larger nominal amounts or any sub-division of the share capital of the Company into smaller nominal amounts;
- (E) the issue of any shares in the Company (save where required in accordance with the provisions of any Relevant Agreement) (including by way of bonus, rights or otherwise) and the grant of any option or right to acquire or call for the issue of the same by conversion, subscription or otherwise;
- (F) the redemption or purchase by the Company of any share or the reduction of the share capital, or any uncalled or unpaid liability in respect thereof, capital redemption reserve or share premium account of the Company or the passing of any resolution authorising any of the foregoing;
- (G) any distribution, payment or return to shareholders of a capital nature;
- (H) a distribution by the Company otherwise than out of profits available for distribution or a distribution by the Company out of profits available for distribution which have arisen in whole or in part by the disposal of assets by the Company to one or more of its subsidiaries (or vice versa) or by one of its subsidiaries to another or by any other transaction outside the ordinary course of business, the sole or primary purpose of which was to realise unrealised profits;
- (I) the declaration or payment of any dividend or the making of any distribution otherwise than a dividend paid in cash in accordance with the provisions of Article 5;
- (J) the grant of any right to acquire or call for the issue of any shares in any member of the Group (other than the Company) by conversion, subscription or otherwise or any issue of shares in any member of the Group (other than the Company) otherwise than pro rata to the existing shareholders thereof;
- (K) the implementation of any compromise or arrangement within the meaning of section 425 of the Act or any arrangement pursuant to which the Company is to make a distribution of the kind described in section 213 of the Income and Corporation Taxes Act 1988;
- (L) the passing of any resolution to wind up any member of the Group;
- (M) any substantial alteration in the nature of the business of any member of the Group;
- (N) any arrangement whereby the directors of the Company shall cease to determine the general policy of each member of the Group and the scope of the activity and operation of each member of the Group or cease to determine all matters involving major or unusual decisions material to the business of the Group as a whole or otherwise whereby the control of the management of any member of the Group shall pass from the directors thereof to any third party or body;

- (O) any transaction with any person otherwise than at arms length and for full value or any transaction with any shareholder or a director of any such shareholder of the Company or with a Connected Person or Concert Party of any such person;
- (P) the removal from office of any B Director or the appointment of any person to fill any vacancy on the death, removal from office or vacation of office of any B Director otherwise than in accordance with Article 19;
- (Q) the paying up of any share capital or debenture or debenture stock of any member of the Group by way of capitalisation or application of any profits or reserves (including share premium account and capital redemption reserve).

6.2 Consent of B Directors

If at the relevant time there shall be one or more B Directors, the holders of B Ordinary Shares shall be deemed to have consented for the purposes of Article 6.1 if the matter in question shall have been approved by each of the B Directors, either in writing or at a meeting of the Board.

7. ISSUE OF SHARES

7.1 Pre-emption on issue

Subject to the provisions of Articles 6.1 and 7.10, any shares in the capital of the Company which are unissued from time to time (other than Deferred Ordinary Shares) shall before they are issued whether for cash or otherwise be offered to the Participating Ordinary Shareholders in proportion, as nearly as may be, to their holdings of Participating Ordinary Shares.

7.2 Procedure for offering

The offer referred to in Article 7.1 shall be made by notice specifying the number of Participating Ordinary Shares offered, the proportionate entitlement of the relevant member, the price per share and limiting a period (not being less than 21 days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of such time the directors shall offer the Participating Ordinary Shares which have been declined or are deemed to have been declined to the persons who have within the said period accepted all the Participating Ordinary Shares offered to them. Such further offer shall be on the same terms as the first offer and shall invite each of the holders to state in writing within a period of not less than 14 days whether he is willing to take any, and if so what maximum number, of the Participating Ordinary Shares so offered.

7.3 Allotment of shares after offers

At the expiration of the time limited by the notice or notices given pursuant to Article 7.2 the directors shall allot the Participating Ordinary Shares so offered to or amongst the members who have notified their willingness to take all or any of such Participating Ordinary Shares in accordance with the terms of the relevant offer. No member shall be obliged to take more than the maximum number of Participating Ordinary Shares he has indicated his willingness to take. The directors shall make such arrangements as they shall think fit concerning entitlements to fractions, overseas

shareholders and shareholders unable by law or regulation to receive or accept any offer pursuant to this Article.

7.4 Issue other than to members

No Participating Ordinary Shares may be allotted or issued to any person who is not immediately prior to such allotment or issue a Participating Ordinary Shareholder.

7.5 Disapplication of statutory pre-emption provisions

Sections 89 and 90 of the Act shall not apply to the allotment of equity securities by the Company.

7.6 Authority of the Directors

Pursuant to Section 80 of the Act, the directors are generally and unconditionally authorised to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the nominal amount of the authorised but unissued share capital at the date of adoption of these articles at any time or times during the period of five years from the date of adoption of these articles and the directors may, after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time (subject to the said Section 80) be renewed, revoked or varied by ordinary resolution of the Company in general meeting.

7.7 No renunciation of allotment

No Participating Ordinary Shares shall be allotted on terms that the right to take up the Participating Ordinary Shares allotted may be renounced in favour of, or assigned to, another person and no person entitled to allotment of a Participating Ordinary Share may direct that such share may be allotted or issued to any other person.

7.8 Rights and restrictions

In Regulation 2 the words "ordinary resolution" shall be omitted and the words "special resolution" shall be substituted for them.

7.9 Designation of shares

Any Participating Ordinary Share issued pursuant to Article 7.3 to a member by reference to his holding of Participating Ordinary Shares shall on issue be designated a Participating Ordinary Share of the same class as the holding by reference to which such Participating Ordinary Share is issued.

7.10 Waiver or variation

With the direction of a special resolution of the Company and the prior written approval of all the B Ordinary Shareholders (such approval to be given in accordance with the provisions of Article 15) any of the restrictions or other provisions of this Article may be waived or varied by the directors at a meeting of the Board in relation to any proposed issue of shares.

8. LIEN AND FORFEITURE

8.1 Lien to attach to all shares

In Regulation 8 of Table A the words "(not being a fully paid share)" shall be omitted. The lien conferred by Regulation 8 of Table A shall attach to all shares registered in the name of any person indebted or under liability to the Company (or in the name of the nominee or bare trustee for any such person) whether he is the sole registered holder thereof or one of two or more joint holders and shall include a lien in respect of any such indebtedness or liability. Regulation 8 shall be modified accordingly.

8.2 Pre-emption on enforcement

All shares to be sold in the enforcement of the Company's lien or rights of forfeiture shall be offered in accordance with Article 7 as if they were unissued shares of the Company. Regulations 9 and 20 of Table A shall be modified accordingly.

9. GENERAL PROVISIONS CONCERNING TRANSFERS OF SHARES

9.1 General restriction on transfer

The right to transfer Ordinary Shares shall be subject to the rights and restrictions set out in Articles 9 to 14 inclusive and no Ordinary Share nor any interest therein shall be transferred to or become vested in any person otherwise than in accordance with such provisions.

9.2 Disposal of whole interest only

Save as permitted pursuant to these Articles no transfer, disposal, charge, mortgage, assignment or other dealing in any Participating Ordinary Shares or any interest or right therein shall occur other than the transfer of the whole legal and equitable title to such Participating Ordinary Shares free from all liens, charges and encumbrances and with all rights, title and interest in existence at the date of transfer together with all rights which may arise in respect thereof thereafter (and "transfer" in the context of a transfer of Participating Ordinary Shares, shall be construed accordingly in these Articles).

9.3 Attempted disposal of interest in shares

Except for the purposes of seeking offers of the type contemplated by Article 11.2, if a member at any time attempts to deal with, or dispose of, a Participating Ordinary Share or any interest therein or right attaching thereto otherwise than in accordance with the provisions of these Articles he shall be deemed immediately prior to such attempt to have given a Default Transfer Notice in respect of such shares.

9.4 Equitable and floating charges

A member may at any time and from time to time create an equitable or floating charge on or over any of his Participating Ordinary Shares provided that such member shall remain the registered holder of the Participating Ordinary Shares in question and retain all rights and discretions in relation to the exercise of the voting and other rights attaching thereto and in the event that the chargee shall become entitled to realise his

security or otherwise exercise his rights as chargee and shall seek to do so such holder shall be deemed to have given a Transfer Notice immediately prior to such date.

9.5 Reasons for declining to approve a transfer

Subject only to Regulation 24 the directors shall not be entitled to decline to register the transfer of any Participating Ordinary Shares made pursuant to and complying with the provisions of Articles 9 to 14 inclusive unless they have substantial reasons for believing that a transfer purportedly made in accordance with any such provision is not in fact in any material respect in accordance therewith in which event they shall decline to register such transfer. The directors may in their absolute discretion refuse to register the transfer of a Deferred Ordinary Share for any reason whether fully paid or not.

9.6 Provision of information - transfer of Participating Ordinary Shares

For the purpose of ensuring that a transfer of Participating Ordinary Shares is in accordance with these Articles and duly authorised hereunder or that no circumstances have arisen whereby a Transfer Notice is or may be deemed to have been given hereunder or for the purpose of ascertaining when a Transfer Notice is or may be deemed to have been given hereunder or for the purpose of ascertaining whether any relevant provisions of these Articles apply, the directors may require any member, the representative of any member appointed pursuant to section 375 of the Act, the receiver, administrator, administrative receiver or the liquidator of any corporate member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the directors shall think fit regarding any matter which they may deem relevant to such purpose.

Failing such information or evidence being furnished to the reasonable satisfaction of the directors within a reasonable time after request the directors shall refuse to register the transfer in question or (in a case where it is determined that a transfer is required by these Articles) shall give notice in writing of such fact to all Participating Ordinary Shareholders and the provisions of Article 11 shall apply.

9.7 Member to notify

If a member becomes aware of any event which is deemed to give rise, or may on determination by the other Participating Ordinary Shareholders be deemed to give rise, to an obligation to serve a Default Transfer Notice, or whereupon a Default Transfer Notice shall be deemed to be given (or the other Participating Ordinary Shareholders are entitled to require that a Default Transfer Notice be deemed to be given), he shall forthwith give notice thereof to the directors and to the other Participating Ordinary Shareholders.

9.8 Re-designation of Participating Ordinary Shares

Whenever an A Ordinary Share or B Ordinary Share is transferred to a member holding only shares of another class of Participating Ordinary Shares such first mentioned share shall upon registration of the transfer be converted into and re-designated as a share of such other class and any share certificate issued to the transferee shall take account of such conversion and re-designation.

9.9 Waiver or variation

With the direction of a special resolution of the Company and the prior approval of the B Ordinary Shareholders (such approval to be given in accordance with the provisions of Article 15) any of the restrictions or other provisions of Articles 9 to 14 inclusive may be waived or varied by the directors in relation to any proposed transfer of shares or any other matter.

10. PERMITTED TRANSFERS

- Any Participating Ordinary Shares may subject to Article 14 be transferred without the giving of a Transfer Notice where it is demonstrated to the reasonable satisfaction of the Board that the transfer is by a Participating Ordinary Shareholder (the "Transferor") to a person (the "Permitted Transferee"), which is a Member of the Same Group as the Transferor provided that if any Permitted Transferee ceases to be a Member of the Same Group as the Transferor, it shall be the duty of the Permitted Transferee and the Transferor to notify the Board of such event and to procure that the Participating Ordinary Shares concerned are forthwith transferred to the Transferor or to a Member of the Same Group as the Transferor. If such transfer has not been effected within thirty (30) days of the Board being notified or otherwise becoming aware of such event, the Permitted Transferee shall be deemed to have given a Default Transfer Notice in respect of all the Participating Ordinary Shares held by it, and the provisions of Articles 11 and 13 shall have effect, mutatis mutandis, to such Default Transfer Notice with references to the Defaulting Shareholder being construed as references to the Permitted Transferee.

11. PRE-EMPTION RIGHTS

11.1 Transfer Notice

Before transferring any Participating Ordinary Shares (except where such transfer is pursuant to a Default Transfer Notice) the person proposing to transfer the same (the "Proposing Transferor") shall give notice in writing ("Transfer Notice" (which expression shall, unless the context otherwise requires, include a Default Transfer Notice)) to the Company that he proposes to transfer such Participating Ordinary Shares (the "Sale Shares") and, in the event that the Proposing Transferor shall have reached an agreement or an arrangement with a third party for the sale of the Sale Shares to such third party, the Proposing Transferor shall state in the Transfer Notice the name of such third party, the price per share at which the Sale Shares are to be sold to such third party and all other material terms of the proposed transfer. The Transfer Notice shall constitute the Company (by the Board) his agent for the transfer of the Sale Shares at the Prescribed Price referred to below and during the period expiring three months after the giving of the Transfer Notice or ten weeks after the agreeing or determination of the Prescribed Price, whichever shall be the later, (the "Prescribed Period") in accordance with the following provisions of this Article. Save as hereafter provided, a Transfer Notice once given or required to be given or deemed to have been given shall not be revocable. A Transfer Notice (other than a Default Transfer Notice) may contain a provision that unless all or a specified number of the Sale Shares are sold by the Company within the Prescribed Period pursuant to

this Article the Transfer Notice shall be withdrawn and any such provision shall be binding on the Company.

11.2 Offer of Sale Shares

The Sale Shares shall, within 14 days of the date the Transfer Notice is received by the Company or is deemed to have been given or within 7 days after the Prescribed Price shall have been agreed or determined as hereinafter provided, whichever shall be the later, be offered by the Company in writing for purchase at the Prescribed Price (and a copy of each such offer shall be sent at the same time to all Participating Ordinary Shareholders).

Such offer shall first be made:

- (A) in the case of A Ordinary Shares to all the other (if any) A Ordinary Shareholders; and
- (B) in the case of B Ordinary Shares to all the other (if any) B Ordinary Shareholders;

To the extent that any such offer is not accepted in whole or in part, or if no such offer is necessary, the remaining Sale Shares shall thereafter be offered by the Company at the Prescribed Price within the later of 7 days of the Prescribed Price having been determined or agreed as hereinafter provided and 7 days of the closing of the initial offer to all the Participating Ordinary Shareholders.

Each such offer shall specify a time (not being less than 21 days in the case of an initial offer and 14 days in the case of a subsequent offer) within which it must be accepted failing which it will lapse. In the case of competition in respect of any such offer the Sale Shares so offered shall be allocated to the acceptors in proportion (as nearly as may be without involving fractions or increasing the number sold to any member beyond that applied for by him) to their existing holding of the relevant class or classes of shares.

11.3 Notification of Purchasers

If the directors shall within the Prescribed Period find members (each such person called a "Purchaser") to purchase the Sale Shares or any of them and give notice in writing thereof to the Proposing Transferor he shall be bound, upon payment of the Prescribed Price, to transfer such of the Sale Shares to the respective Purchasers. If the Transfer Notice stated that the Proposing Transferor is not willing to transfer part only of the Sale Shares or less than a specified number of such Sale Shares, the obligation in this Article to transfer shall not apply unless the directors shall have found Purchasers for the whole of the Sale Shares or not less than such specified number. Every such notice from the directors shall state the name and address of the Purchaser concerned and the number of shares agreed to be purchased by him. The purchase shall be completed as soon as reasonably practicable at a place and time to be appointed by the directors when, against payment of the Prescribed Price and any relevant stamp duties, the Proposing Transferor shall deliver transfers in favour of the Purchasers together with the share certificates in respect of the relevant Sale Shares and the Purchasers shall be registered as the holders of the relevant Sale Shares in the

this Article the Transfer Notice shall be withdrawn and any such provision shall be binding on the Company.

11.2 Offer of Sale Shares

The Sale Shares shall, within 14 days of the date the Transfer Notice is received by the Company or is deemed to have been given or within 7 days after the Prescribed Price shall have been agreed or determined as hereinafter provided, whichever shall be the later, be offered by the Company in writing for purchase at the Prescribed Price (and a copy of each such offer shall be sent at the same time to all Participating Ordinary Shareholders).

Such offer shall first be made:

- (A) in the case of A Ordinary Shares to all the other (if any) A Ordinary Shareholders; and
- (B) in the case of B Ordinary Shares to all the other (if any) B Ordinary Shareholders;

To the extent that any such offer is not accepted in whole or in part, or if no such offer is necessary, the remaining Sale Shares shall thereafter be offered by the Company at the Prescribed Price within the later of 7 days of the Prescribed Price having been determined or agreed as hereinafter provided and 7 days of the closing of the initial offer to all the Participating Ordinary Shareholders.

Each such offer shall specify a time (not being less than 21 days in the case of an initial offer and 14 days in the case of a subsequent offer) within which it must be accepted failing which it will lapse. In the case of competition in respect of any such offer the Sale Shares so offered shall be allocated to the acceptors in proportion (as nearly as may be without involving fractions or increasing the number sold to any member beyond that applied for by him) to their existing holding of the relevant class or classes of shares.

11.3 Notification of Purchasers

If the directors shall within the Prescribed Period find members (each such person called a "Purchaser") to purchase the Sale Shares or any of them and give notice in writing thereof to the Proposing Transferor he shall be bound, upon payment of the Prescribed Price, to transfer such of the Sale Shares to the respective Purchasers. If the Transfer Notice stated that the Proposing Transferor is not willing to transfer part only of the Sale Shares or less than a specified number of such Sale Shares, the obligation in this Article to transfer shall not apply unless the directors shall have found Purchasers for the whole of the Sale Shares or not less than such specified number. Every such notice from the directors shall state the name and address of the Purchaser concerned and the number of shares agreed to be purchased by him. The purchase shall be completed as soon as reasonably practicable at a place and time to be appointed by the directors when, against payment of the Prescribed Price and any relevant stamp duties, the Proposing Transferor shall deliver transfers in favour of the Purchasers together with the share certificates in respect of the relevant Sale Shares and the Purchasers shall be registered as the holders of the relevant Sale Shares in the

register of members of the Company and share certificates in the names of such Purchasers and in respect of the relevant Sale Shares shall be delivered.

11.4 Failure to transfer

If in any case a Proposing Transferor, after having become bound to transfer any Shares to a Purchaser, shall make default in so doing or shall fail to deliver share certificates in respect thereof, the directors may authorise some person to execute and deliver on his behalf any necessary transfer in favour of the Purchaser and shall receive the purchase money and shall thereupon (subject to the transfer being duly stamped) cause the name of the Purchaser to be entered into the register of members as the holder of the relevant shares. The Company shall hold the purchase money in trust for the Proposing Transferor but shall not be bound to earn or pay interest thereon. The receipt of the Company for the purchase money shall be a good discharge to the Purchaser who shall not be bound to see to the application thereof and after the name of the Purchaser has been entered in the register of members in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.

11.5 Purchasers not found for Sale Shares

If the directors shall not within the Prescribed Period find Purchasers willing to purchase all the Sale Shares (or any lesser number specified in the Transfer Notice for the purposes of Article 11.1) at the Prescribed Price or if the directors shall within the Prescribed Period give to the Proposing Transferor notice in writing that the directors have no prospect of finding Purchasers, subject to Article 11.9 the Proposing Transferor at any time thereafter up to the expiration of six weeks after the Prescribed Period shall be at liberty (subject only to the provisions of Regulation 14) to transfer those Sale Shares for which the Company has not found (or has given notice that it has no prospect of finding) Purchasers to any person by way of a bona fide sale at any price not being less than the Prescribed Price (after deducting, where appropriate, any dividend or other distribution declared or made in respect of the Sale Shares after the giving of the Transfer Notice and to be retained by the Proposing Transferor) and otherwise on the terms set out in the Transfer Notice Provided That:

- (A) if the Transfer Notice shall state that the Proposing Transferor is not willing to transfer part only of the Sale Shares or less than a specified number of the Sale Shares he shall not be entitled to transfer any of such Sale Shares unless in aggregate the whole of such Sale Shares or, as relevant, not less than the specified number of such Sale Shares are so transferred;
- (B) if such Transfer Notice named the third party to whom the Sale Shares were to be sold, he shall not be entitled to transfer such Sale Shares other than to such third party;
- (C) the directors may require to be satisfied that the Sale Shares are being transferred pursuant to a bona fide sale upon the material terms and for the consideration stated in the transfer without any deduction, rebate or allowance whatsoever to the Purchaser (other than in respect of any dividend or other distribution as referred to above) and if not so satisfied may refuse to register the instrument of transfer; and

- (D) the provisions of this Article 11.5 shall not apply in the case of a Default Transfer Notice.

11.6 Prescribed Price for Sale Shares

The expression "Prescribed Price" shall mean in respect of each Sale Share:

- (A) subject to paragraph (B) below, the price per share (if any) specified in the Transfer Notice in accordance with the foregoing provisions; and
- (B) if:
- (1) the relevant Transfer Notice does not name a proposed transferee and set out a price per share at which the Sale Shares are proposed to be sold to him; or
 - (2) the Transfer Notice is a Default Transfer Notice; or
 - (3) such named proposed transferee is a Connected Person of or Concert Party with the Proposing Transferor; or
 - (4) the terms on which such shares are to be sold to the named proposed transferee do not fully reflect the terms of the proposed transaction or are otherwise than a fixed cash sum payable in full on completion of the sale (for example, because the consideration is to be satisfied otherwise than in cash or because some deduction, consideration, rebate, allowance or arrangement is being made or is passing between the Proposing Transferor and the proposed transferee in addition to the price per share set out in the Transfer Notice),

such sum per share as shall be agreed between the Proposing Transferor and the other Participating Ordinary Shareholders or, failing agreement, as shall be determined by an independent share valuation expert ("Expert") in accordance with Article 11.7.

11.7 Determination of Prescribed Price by Expert

The Expert shall be appointed by agreement between such parties who have failed to agree the Prescribed Price or, failing agreement as to such appointment, by the President for the time being of the Institute of Chartered Accountants in England and Wales. The Expert shall state in writing what is in his opinion the fair selling value of the Sale Shares calculated as a pro rata proportion of the value of the whole of the issued share capital of the Company and not taking account as to whether or not the Sale Shares represent a majority or minority of the shares and not taking account of the restrictions on the transferability of the Sale Shares. For this purpose the Expert shall be given by the directors, and shall take account of, all information which a prudent prospective purchaser might reasonably require if he were proposing to purchase the Sale Shares from a willing vendor by private treaty and at arm's length together with such information as any member of the Company may wish to provide to him and such other information as he may reasonably require. In so stating his opinion the Expert shall be deemed to act as an expert and not as an arbitrator and his determination shall be final and binding on all concerned. The costs involved in the

Expert's determination of the Prescribed Price shall, in the absence of any determination by the Expert, be borne as to one half by the Proposing Transferor and as to the other half by the Purchasers (and as between the Purchasers pro rata to the number of shares purchased).

11.8 Failure to complete by Purchaser

Where the directors shall have found a Purchaser or Purchasers and through no default of the Proposing Transferor any purchase is not duly completed, the directors shall forthwith notify the Purchaser or all of the Purchasers (as the case may be) and if within 7 days of such notice being given the Purchaser or Purchasers between them shall not have duly completed the purchase of the Sale Shares in respect of which there has been default in completion, the Proposing Transferor shall be deemed to have served a Transfer Notice in respect of such shares and the procedure contained in this Article shall be repeated in respect of them.

11.9 Acquisition of Controlling Interest

Notwithstanding any of the provisions of these Articles:

- (A) no Buyer shall be entitled or permitted to obtain or increase a Controlling Interest in the Company and no share may be transferred if as a result a Buyer would obtain or increase a Controlling Interest in the Company unless the Buyer makes a written offer (open for acceptance for a period of at least 28 days and with adequate security as to the performance of its obligations) to all the Participating Ordinary Shareholders to purchase all the Participating Ordinary Shares held by them at the Specified Price per share;
- (B) such offer shall not be made conditional upon all or any of the members accepting it or any other condition and shall be on terms that it may be accepted by each member in respect of all or any part of his shares. The consideration shall be payable in cash in full without any set off within 21 days of acceptance of the offer;
- (C) in the event of disagreement on the calculation of the Specified Price the disagreement shall be referred by the directors or any of the Participating Ordinary Shareholders to an independent expert (acting as expert and not as arbitrator) nominated by the directors or by any such Participating Ordinary Shareholders (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales at the request of any of the parties concerned) whose decision shall be final and binding. The costs of any such independent expert shall be borne by the Company;
- (D) the Buyer shall complete the purchase of all shares in respect of which such offer is accepted before or at the same time as the Buyer completes the purchase of the shares the proposed transfer of which required a written offer to be made pursuant to this Article. Any transfer pursuant to such written offer shall not require the Proposing Transferor to give a Transfer Notice;

- (E) the directors shall not register any transfer to the Buyer and the Buyer shall not be entitled to exercise or direct the exercise of any rights in respect of any shares to be transferred to the Buyer until in each case the Buyer has fulfilled all his obligations pursuant to this Article.

11.10 For the purposes of Article 11.9:

- (A) the "Specified Price" shall mean the higher of:
- (1) the highest price per share at which the Buyer shall have acquired or offered to acquire any Participating Ordinary Share in the Company in the period since the date one year prior to the making of the offer required pursuant to Article 11.5 plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable in respect of any such Ordinary Shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for any such shares; and
 - (2) the Prescribed Price in respect of any such offer as determined in accordance with Article 11.7 or if not so determined as would be the Prescribed Price if such determination had taken place; and
- (B) "acceptance" and "offer" shall include the execution of a sale agreement between the Buyer and the shareholders or some of them.

12. COMPULSORY TRANSFER ON DEFAULT

12.1 Default Transfer Notice

Without prejudice to its obligations hereunder, if the Company receives notice from any Participating Ordinary Shareholder that an Event of Default has occurred in relation to a Participating Ordinary Shareholder (the "Defaulting Shareholder") and the other Participating Ordinary Shareholder requires that the Defaulting Shareholder or any Permitted Transferee of the Defaulting Shareholder makes an offer to sell its Participating Ordinary Shares, the Defaulting Shareholder shall be deemed immediately to give a transfer notice (a "Default Transfer Notice"). The offer of Participating Ordinary Shares pursuant to the Default Transfer Notice shall be available to the other Participating Ordinary Shareholders without prejudice to other rights and remedies they may have against the Defaulting Shareholder. The Company shall notify the Participating Ordinary Shareholders that the requirement to give a Default Transfer Notice has arisen as soon as practicable after having become aware of the same.

12.2 Suspension of voting rights

The voting rights attached to any Participating Ordinary Share in respect of which a Default Transfer Notice shall be deemed or required to have been given pursuant to these Articles shall forthwith be suspended until such time as the relevant share shall have been transferred in accordance with these Articles or such time as the directors shall have notified the member pursuant to Article 11.5 that they have no prospect of finding purchasers therefor.

13. CHANGE OF CONTROL

13.1 Notice of Change of Control

If a Change of Control occurs in respect of any Participating Ordinary Shareholder, such Participating Ordinary Shareholder shall forthwith notify the Company and the other Participating Ordinary Shareholders of the fact.

13.2 Request by Ordinary Shareholders

Without prejudice to the obligations contained in Article 13.1, if any Participating Ordinary Shareholder believes that a Change of Control has occurred in respect of any other Participating Ordinary Shareholder, it may by notice to such Participating Ordinary Shareholder, with a copy to the Company, require that Participating Ordinary Shareholder to certify whether such event has occurred and to provide reasonable evidence in support of such certificate.

13.3 Effect of Change of Control

Save where any of the following occurs in relation to First Choice Holidays plc whilst it directly or indirectly exercises Control over a Participating Ordinary Shareholder, if:

- (a) a Participating Ordinary Shareholder gives notice pursuant to Article 13.1; or
- (b) a certificate given pursuant to Article 13.2 evidences a Change of Control; or
- (c) no certificate pursuant to Article 13.1 is given within 28 days of a request that one be provided

the Participating Ordinary Shareholder the subject of such Change of Control or failure to provide a certificate (and any Permitted Transferee of such Participating Ordinary Shareholder) shall be deemed to have given a Default Transfer Notice in respect of all the Participating Ordinary Shares held by him.

14. TEMPORARY PROHIBITION ON VOLUNTARY TRANSFERS

No A Ordinary Share or B Ordinary Share may be transferred (other than to a Permitted Transferee or pursuant to a Default Transfer Notice) until 1 January 2000 without the consent in writing of all the Participating Ordinary Shareholders of the other class.

15. CLASS MEETINGS AND VARIATION OF RIGHTS

15.1 Class meetings

Except as otherwise provided by these Articles, the provisions of these Articles relating to general meetings shall apply, with necessary modifications, to any meeting of the holders of shares of a class held otherwise than in connection with the variation or abrogation of the rights attached to shares of that class.

15.2 Variation of rights

All or any of the special rights or privileges for the time being attached to any share or class of shares in the capital of the Company (notwithstanding that the Company may

be or be about to be in liquidation) may, either with the prior consent in writing of the holders of not less than 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 shares of the class duly convened and held as hereinafter provided (but not otherwise), be varied or abrogated. To every such separate meeting the provisions of these Articles with respect to notice of and proceedings at general meetings shall mutatis mutandis apply, but so that the requisite quorum shall be two persons, present in person, by proxy or by corporate representative, holding or representing not less than one-third of the issued shares of the class and that any holder of shares of the appropriate class, present in person, by proxy or by corporate representative and entitled to vote, may demand a poll.

16. PROCEEDINGS AT GENERAL MEETINGS

16.1 Quorum

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds in business and remains present during the transaction of business. Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum provided that at least one such person is an A Ordinary Shareholder and one such person is a B Ordinary Shareholder (or, in either case, a proxy or representative of such Participating Ordinary Shareholder). If at any adjourned meeting which has been so adjourned pursuant to Regulation 41 a quorum is not present within half an hour of the time appointed for the adjourned meeting the meeting will be dissolved. Regulation 41 will be construed accordingly.

16.2 Poll

A poll may be demanded at any general meeting by the chairman or any member present in person, by proxy or by corporate representative and entitled to vote. Regulation 46 of Table A shall be modified accordingly.

16.3 Signed resolutions

A resolution executed or approved in writing by or on behalf of the holders of all the issued Ordinary Shares entitled to vote thereon shall be as valid and effective for all purposes as a resolution passed at a general meeting duly convened and held and may consist of several documents in the like form, each executed by or on behalf of one or more persons. In the case of a corporation the resolution may be signed on its behalf by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative.

17. VOTES OF MEMBERS

17.1 Votes of members

Subject to Article 5 and any special rights, privileges or restrictions attached to any shares forming part of the capital of the Company, at any general meeting of the Company on a show of hands every member who (being an individual) is present in person or by proxy (not being himself a member) or (being a corporation) is present

by proxy or by a representative duly authorised under section 375 of the Act (not being himself a member) shall have one vote, and on a poll every member present in person, by representative or by proxy shall have one vote for every share of which he is the holder.

17.2 **No casting vote of chairman**

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall not be entitled to a casting vote in addition to any other vote he may have.

18. **DIRECTORS**

Unless otherwise determined by ordinary resolution, the number of directors shall be not more than 10 nor less than 2 of whom at least one shall be an A Director and at least one shall be a B Director.

19. **APPOINTMENT OF A AND B DIRECTORS**

19.1 **Appointment**

The A Ordinary Shareholders and the B Ordinary Shareholders shall be entitled, each as a class, to appoint, in the case of the A Ordinary Shareholders, up to 8 A Directors, and in the case of the B Ordinary Shareholders, up to 2 B Directors, in each case in accordance with the procedure set out in Article 19.2, and, in each case, to remove any directors so appointed by them.

19.2 **Procedure for appointment**

Any appointment or removal pursuant to Article 19.1 shall be decided upon by the A Ordinary Shareholders or the B Ordinary Shareholders by either :

- (A) a written direction signed by A Ordinary Shareholders, in the case of A Directors, or B Ordinary Shareholders, in the case of B Directors, in each case holding all or (where there is more than one shareholder of such designation) a majority in nominal value of the issued Participating Ordinary Shares of the class concerned; or
- (B) by an ordinary resolution passed at a separate meeting of the Participating Ordinary Shareholders of the class concerned duly convened and held in accordance with the provisions of Article 15, provided that any such meeting may be convened by any holder of Participating Ordinary Shares of the class concerned.

Any appointment or removal pursuant to Article 19.1 shall take effect upon delivery of the direction pursuant to Article 19.2A or a written copy of the resolution passed pursuant to Article 19.2B being delivered to the registered office of the Company, to a meeting of the Board or to the secretary.

19.3 Directors holding office

An A Director or a B Director holding office pursuant to Article 19.1 shall continue to hold such office until he is either removed pursuant to this Article 19 or vacates office pursuant to Article 24.

20. NO ROTATION

The directors shall not be liable to retire by rotation, and accordingly in Regulation 79 of Table A the second and third sentences thereof shall be deleted.

21. ALTERNATE DIRECTORS**21.1 Appointment and removal**

Any director (other than an alternate director) may from time to time appoint any other director or any person to be an alternate director of the Company, and may at any time remove any alternate director so appointed by him from office, and appoint another person approved as aforesaid in his place. Any appointment of an alternate director may provide for two or more persons in the alternative to act as an alternate director.

21.2 Notice of appointment or removal

Any such appointment or removal shall be by notice to the Company signed by the director making or revoking the appointment and shall take effect upon service on the Company at its registered office or in any other manner approved by the directors.

21.3 Cessation of appointment

An alternate director shall ipso facto cease to be an alternate director if his appointor ceases for any reason to be a director.

21.4 Functions of alternate director

An alternate director shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served on him) be entitled to receive notices of all meetings of directors, and to attend, to be counted in the quorum for and to vote as a director (with the same designation as the director appointing him) at any such meeting at which the director appointing him is not personally present and generally to perform all functions of his appointor as a director in the absence of such appointor including, without prejudice to the generality of the foregoing, power to sign any resolution pursuant to Article 26.3.

21.5 Voting rights cumulative

A director acting as alternate shall have an additional vote at meetings of the Board for each director for whom he acts as alternate but he shall only count as one person for the purpose of determining whether a quorum is present.

21.6 Alternate director responsible for own acts

An alternate director shall be deemed to be an officer of the Company and shall alone be responsible for his own acts and defaults and the director so appointing him shall not be responsible for the acts and defaults of an alternate director so appointed.

21.7 Remuneration

The remuneration of any such alternate director shall be payable out of the remuneration payable to the director appointing him and shall consist of such part (if any) of the last mentioned remuneration as may be agreed between the alternate director and the director appointing him.

21.8 Power to act

Save as otherwise provided in these Articles, an alternate director shall not have power to act as a director nor shall he be deemed to be a director for the purposes of these Articles.

22. NO SHARE QUALIFICATION

Neither a director nor an alternate director shall require a share qualification but nevertheless shall be entitled to attend and speak at any general meeting of the Company and at any separate meeting of the holders of any class of shares of the Company.

23. DIRECTORS' INTERESTS

A director (including an alternate director) who has duly declared his interest therein to the Board pursuant to section 317 of the Act may vote as a director in regard to any contract or arrangement in which he is interested or upon any matter arising therefrom, and if he so votes his vote shall be counted, and he shall be counted in the quorum when any such contract or arrangement is under consideration.

24. VACATION OF OFFICE

Without prejudice to the provisions of Article 19, the office of a director shall be vacated:

- (A) if by notice in writing to the Company he resigns the office of director;
- (B) if he shall for more than 6 consecutive months have been absent without permission of the Board from meetings of the Board held during that period, unless he shall have appointed an alternate director who has not been similarly absent during such period;
- (C) if he appears unable to pay a debt which is payable immediately or to have no reasonable prospect of paying a debt which is not immediately payable in either case within the meanings given to such expressions in section 268 of the Insolvency Act 1986;
- (D) if he is subject to an interim order under section 252 of the Insolvency Act 1986 or enters into a voluntary arrangement within the meaning given in section 253 of that Act;
- (E) if he is prohibited from being or is disqualified as a director by an order made under any provision of the Insolvency Act 1986 or the Company Directors Disqualification Act 1986;

- (F) if he is, or may be, suffering from mental disorder and either:
 - (A) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
 - (B) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs: or
- (G) if he is removed from office under section 303 of the Act.

25. NO AGE LIMIT

Unless and until otherwise determined by the Company by ordinary resolution, either generally or in any particular case, no director shall vacate or be required to vacate his office as a director on or by reason of his attaining or having attained the age of seventy, and any person proposed to be appointed a director shall be capable of being appointed as a director notwithstanding that he has attained the age of seventy, and no special notice need be given of any resolution for the appointment as a director of a person who shall have attained the age of seventy, and it shall not be necessary to give to the members notice of the age of any director or person proposed to be so appointed.

26. PROCEEDINGS OF DIRECTORS

26.1 Quorum

The quorum necessary for the transaction of the business of the Board shall be two of which, unless otherwise agreed from time to time by all the B Ordinary Shareholders and notified to the Company in writing, one shall be an A Director and one shall be a B Director. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.

26.2 Regulation of meetings

Unless otherwise determined in respect of each specified meeting by a majority of the Board which majority includes sufficient number and (if appropriate) designation of directors to constitute a quorum for the business to be transacted at such specified meeting meetings of the Board shall be held at least at monthly intervals. Save where urgent business arises where such period of notice is not practicable, a minimum of seven days notice of meetings of the Board accompanied by the venue for such meeting and an agenda of the business to be transacted (together with where practicable all papers to be circulated or presented to the same) shall be given to all the directors. Subject as aforesaid, the directors may adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes and in the case of an equality of votes no person shall have a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the Board.

26.3 Signed resolutions

A resolution executed or approved in writing by all the directors shall be as valid and effective for all purposes as a resolution passed at a meeting of the Board duly convened and held and may consist of several documents in the like form, each signed by one or more of the directors. A resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.

26.4 Delegation to committees

The directors may delegate any of their powers to a committee consisting of at least two directors, of whom at least one shall be an A Director and at least one shall be a B Director and up to two persons who are not directors. No committee shall be entitled to transact any business which the Board would not be entitled to transact, and the provisions of these Articles with respect to the regulation of meetings of the Board shall apply, mutatis mutandis, to meetings of any committee.

26.5 Meetings by means of Conference facilities

A meeting of the Board may consist of a conference between directors some or all of whom are in different places provided that each director who participates is able:

- (A) to hear each of the other participating directors addressing the meeting; and
- (B) if he so wishes, to address each of the other participating directors simultaneously,

whether directly, by conference telephone or by any other form of communications equipment (whether in use when this Article 26.5 is adopted or developed subsequently) or by a combination of such methods. A quorum shall be deemed to be present if those conditions are satisfied in respect of at least the number and designation of directors required to form a quorum. A meeting held in this way shall be deemed to take place at the place where the largest group of directors is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates. Any director may, by prior notice to the secretary, indicate that he wishes to participate in the meeting in such manner, in which event, the directors shall procure that an appropriate conference facility is arranged.

27. INDEMNITY

Subject to section 310 of the Act, every director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 727 of the Act in which relief is granted to him by the courts, and no director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. The Company may purchase and maintain for any officers or the Auditors insurance against any liability which by

virtue of any rule of law would otherwise attach to him or them in respect of any negligence, default, breach of duty or breach of trust of which he or they may be guilty of in relation to the Company.