

THE COMPANIES ACTS 1985 AND 1989

PRIVATE COMPANY LIMITED BY SHARES

RESOLUTIONS IN WRITING

of

DSCLI HOLDINGS LIMITED

The following resolutions in writing were executed on 23 August 2005 by all the members entitled to vote at general meetings of the above company and were deemed Special Resolutions:

RESOLVED:

1. THAT the Company's authorised share capital be increased from £503,125 to £503,325 by the creation of an additional 20,000 Preference Shares of £0.01 each;
2. THAT the directors be generally and unconditionally authorised, pursuant to section 80 of the Companies Act 1985, to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £300,349 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) 5 years from the date of this resolution, but the Company may before such expiry make an offer or agreement which would be or might require relevant securities to be allotted after expiry of this authority and the directors may allot relevant securities pursuant to that offer or agreement as if the authority conferred by this resolution has not expired; and
3. THAT new articles of association, in the form of the annexed draft initialled by the chairman for the purpose of identification, be adopted in substitution for the Company's existing articles of association.



R T V Tyson

Secretary



Company No. 4374605

THE COMPANIES ACTS 1985 AND 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION (the "Articles")

of

DSCLI HOLDINGS LIMITED

Adopted by Special Resolution passed on 23 August 2005

INTERPRETATION

1.1 In these Articles:

"Act" means the Companies Act 1985 including any statutory modification or re-enactment for the time being in force;

"B" Directors means the "B" Directors of EGL in accordance with the terms of EGL's Articles;

"B" Ordinary Shares means "B" Ordinary Shares of 1p each in the capital of EGL;

"B" Ordinary Shareholders means the registered holders of "B" Ordinary Shares;

"EGL" means Esporta Group Limited (company number 4374988);

"EGL's Articles" means the articles of association of EGL;

"EGL Shares" means the 312,500 "A" Ordinary Shares of 1p each and 2,187,501 "B" Ordinary Shares of 1p each in the capital of EGL;

"Expert" means an independent chartered accountant agreed by the parties concerned or in the absence of agreement, within 5 days of the date of obligation to appoint an Expert among, an accountant appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales;

"Group" means the Company, its parent undertakings and their respective subsidiary undertakings from time to time and the term "Group Company" shall be construed accordingly;

"HFHL" means Health and Fitness Holdings Limited (company number 4374665);

"HFHL Shares" means the 175,737 "A" Ordinary Shares of £1 each and 2,146,664 "B" Ordinary Shares of 1p each;

"Listing" means together the admission of any of EGL's shares or of the ordinary shares of a holding company of EGL to the Official List of the UK Listing Authority becoming effective (in accordance with paragraph 7.1 of the rules made by the UK Listing Authority pursuant to section 74 of the Financial Services and Markets Act 2000, as amended or its successor legislation ("FSMA")) or any other recognised investment exchange as described in section 285 of FSMA and the admission of any of EGL's shares to trading on the London Stock Exchange plc becoming effective (in accordance with paragraph 2.1 of the Admission and Disclosure Standards of the London Stock Exchange plc from time to time);

"Listing Price" means the price per share at which any ordinary shares of EGL or a holding company of EGL are sold, offered to be sold or offered as stated in any document required to be published in connection with a Listing (in the case of an offer for sale being the underwritten price or, in the case of an offer for sale by tender, the striking price under such offer and in the case of a placing the price at which ordinary shares are sold under the placing);

"Loan Notes" means (i) the fixed rate subordinated unsecured loan notes due 2012 issued by HFHL as amended by a supplemental deed (together constituting £150,000,000 fixed rate subordinated unsecured loan notes 2012); (ii) £1,966,497 fixed rate subordinated unsecured loan notes due 2012 issued by HFHL; (iii) £3,520,120 fixed rate subordinated unsecured loan notes due 2012 issued by HFHL; (iv) £1,000,000 unsecured subordinated loan notes 30 June 2012 issued by HFHL; and (v) £75,000,000 unsecured subordinated loan notes 30 June 2012 issued by HFHL.

"Loan Note Holders" means the registered holders of the Loan Notes;

"Preference Shareholder" means the registered holders of Preference Shares from time to time;

"Sale" means:

- (a) the transfer (whether through a single transaction or a series of transactions) of 50% or more of either (i) the "B" Ordinary Shares, (ii) the HFHL Shares or (iii) the EGL Shares or (iv) of the ordinary shares of a holding company of EGL to a person and any other person:
 - (i) who in relation to him is a connected person, as defined in section 839 of the Income and Corporation Taxes Act 1988; or
 - (ii) with whom he is acting in concert, as defined in The City Code on Takeovers and Mergers,

other than a person who is an original party to the Shareholders' Agreement as an Investor or a person who has acquired shares pursuant to clause 4 ("Syndication") of the Shareholders' Agreement or pursuant to articles 10.2 to 10.6 of EGL's Articles or pursuant to articles 10.9 to 10.11 of EGL's Articles; or

- (b) the sale of the whole or substantially the whole of the assets and undertakings of the Group to a third party;

"Shareholders' Agreement" means the agreement dated 5 September 2002 between (1) EGL, (2) HFHL, (3) Kevin McCollum and others, (4) Duke Street Capital IV Limited, (5) Duke Street Capital V Limited (6) Kingsway Nominees Limited, (7) RIT Capital Partners plc, (8) Nicholas Irens and (9) Kevin McCollum's Children's Trust & Others, as amended from time to time;

"transfer" means in relation to any share in the Company or EGL or any legal or beneficial interest in any share:

- (a) to sell, assign or otherwise transfer such share or interest;
- (b) to create or to permit to subsist an Encumbrance over such share or interest;
- (c) to enter into any agreement in respect of the votes or other rights attached to such share or interest;
- (d) to renounce or assign any right to receive such share or interest; and
- (e) to agree, whether or not subject to any condition precedent or subsequent, to do any of the foregoing.

- 1.2 Words and expressions defined in the Act (excluding any statutory modifications not in force on the date of adoption of these Articles) have the same meanings in these Articles, unless inconsistent with the context.

PRELIMINARY

2.

- (A) The regulations contained in Table A in the Schedule to the Companies (Table A to F) Regulations 1985 (as amended) ("**Table A**") apply to the Company except to the extent that they are excluded or modified by these articles.
- (B) The regulations of Table A numbered 24, 38, 60, 61, 64, 73, 74, 75, 76, 77, 78, 80, 81, 90, 94, 95, 96, 97, 98, 115 and 118 do not apply. The regulations of Table A numbered 37, 46, 53, 57, 59, 62, 65, 66, 67, 68, 72, 79, 84, 88, 110, 112 and 116 are modified. The regulations of Table A numbered 88, 91 and 93 are excluded if and for so long as there is a sole director of the Company. The regulation of Table A numbered 89 is modified if and for so long as there is a sole director of the Company. The regulations of Table A numbered 40 and 54 are modified if and for so long as the Company has only one member. Subject to these exclusions and modifications, and in addition to the remaining regulations of Table A, the following are the articles of association of the Company.
- (C) Where an ordinary resolution of the Company is expressed to be required for any purpose, a special or extraordinary resolution is also effective for that purpose, and where an extraordinary resolution is expressed to be required for any purpose, a special resolution is also effective for that purpose.

PRIVATE COMPANY

3. The Company is a private company limited by shares and accordingly any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

SHARE CAPITAL

4. The authorised share capital of the Company at the date of adoption of these Articles is £503,325 divided into 500,000 ordinary shares of £1.00 each ("**Ordinary Shares**") and 332,500 redeemable preference shares of £0.01 each ("**Preference Shares**").
- 5.1 Subject to the provisions of the Act, the directors have general and unconditional authority to allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of any unissued shares of the Company (whether forming part of the original or any increased share capital) to such persons, at such times and on such terms and conditions as the directors may decide but no share may be issued at a discount.
- 5.2 The directors have general and unconditional authority, pursuant to section 80 of the Act, to exercise all powers of the Company to allot relevant securities for a period expiring on the fifth anniversary of the adoption of these Articles unless previously renewed, varied or revoked by the Company in general meeting.
- 5.3 The maximum amount of relevant securities which may be allotted pursuant to the authority conferred by paragraph (B) is the amount of the authorised but as yet unissued share capital of the Company at the adoption of these Articles.
- 5.4 By the authority conferred by paragraph (B), the directors may before the authority expires make an offer or agreement which would or might require relevant securities of the Company to be allotted after it expires and may allot relevant securities in pursuance of that offer or agreement.
6. The pre-emption provisions of section 89(1) of the Act and the provisions of sub-sections (1) to (6) inclusive of section 90 of the Act do not apply to any allotment of the Company's equity securities.

PREFERENCE SHARES

7. The rights attaching to the Preference Shares as follows:

- 7.1 **Dividends**

The Preference Shareholders shall have no right to a dividend.

- 7.2 **Return of capital**

- 7.2.1 Subject to article 7.2.3, on a winding up or other return of capital the assets of the Company available for distribution amongst its shareholders shall be applied in paying to the Preference Shareholders in respect of each Preference Share held by them and in proportion to the numbers of Preference Shares held by them, in priority to any payment to the holders of any other class of shares in

the Company an amount equal to the Exit Amount to which the Preferential Shareholder would have been entitled to on a Sale or Listing (if any) in accordance with article 7.5.

7.2.2 To the extent that there are remaining assets of the Company after the distribution referred to in article 7.2.1 they shall be paid to the Ordinary Shareholders.

7.2.3 In the event of a winding up of the Company, the assets of the Company shall not be applied to make payment to the Preference Shareholders as outlined in article 7.2.1 if that payment would result in the Ordinary Shareholders of the Company receiving less than 75% of the assets of the Company.

7.2.4 Where article 7.2.3 applies the assets of the Company that are available for distribution will be paid to the Ordinary Shareholders only.

7.3 Further participation

Other than an aggregate amount equal to the Exit Amount, the Preference Shares do not confer any further right of participation in the profits or assets of the Company.

7.4 Scheduled redemption

The Preference Shares shall not be subject to any scheduled redemption.

7.5 Redemption on a Sale or Listing

7.5.1 The Company shall redeem all the Preference Shares then in issue immediately upon a Sale or Listing at the Exit Amount in accordance with this article 7.5.

7.5.2 The "Exit Amount" shall be calculated as follows:

$$\text{Exit Amount} = \frac{Y \times G}{Z}$$

G = the lower of (i) £13,255,200; and (ii) £593,833 x $\frac{(\text{Exit Equity Value} - X)}{10 \text{ million}}$

"X" means the minimum equity value during the relevant period as set out in the table below.

"Y" means the number of Preference Shares held by the relevant Preference Shareholder.

"Z" means 332,500.

Date of Sale or Listing	Minimum Equity Value (£m) ("X")
01/01/04 - 31/12/05	109
01/01/06 - 31/12/06	120
01/01/07 - 31/12/07	132

After 31 December 2007 the Minimum Equity Value shall increase by 10% each year on 1 January on a compound basis. The Minimum Equity Value shall continue to increase in this manner indefinitely until an Exit Event occurs.

7.5.3 The Exit Equity Value shall be calculated as follows:

- (i) In the case of a Listing, the Exit Equity Value shall be the aggregate amount of cash consideration received by the Loan Note Holders in respect of the Loan Notes and the aggregate value attributable to the ordinary share capital of EGL held by the "B" Ordinary Shareholders at the date of such Listing (or shares deriving therefrom following any capital reorganisation effected immediately prior to the Listing) (the "**Relevant Shares**"), being the Listing Price, in each case less any third party expenses and third party fees incurred by the Loan Note Holders and/or the holders of Relevant Shares in respect of the Listing.
- (ii) In the case of a Sale the Exit Equity Value shall be the amount of cash consideration received by the Loan Note Holders and "B" Ordinary Shareholders in respect of the Loan Notes and the "B" Ordinary Shares less any third party expenses and third party fees incurred by the "B" Ordinary Shareholders and Loan Note Holders in respect of the Sale.
- (iii) Where shares or loan notes are received as non-cash consideration for a Sale, the relevant Exit Equity Value upon which an Exit Amount may be payable will be calculated by reference to the value of the consideration securities at that time. If the securities rank *pari passu* with a class of securities already admitted to trading by the UKLA or dealt in on a Recognised Investment Exchange the value attributed to such consideration (after expenses and fees payable by EGL) will be determined by reference to the average middle market quotation of such securities over the five business days prior to the day on which the Sale of EGL is completed (in either case, after expenses and fees payable by EGL); or if the securities are not of such a class, the value of such security as determined by the Expert in a certificate obtained for the purpose and addressed to the Preference Shareholders.
- (iv) Where the "B" Ordinary Shareholders and/or Loan Note Holders receive a mixture of cash and non-cash consideration on a Sale or a Listing, the Exit Amount will be paid out to the Preference Shareholders in the same proportion of cash and non-cash consideration as that received by the "B" Ordinary Shareholders and/or Loan Note Holders. For the avoidance of doubt for these purposes non-cash consideration shall on a Listing include any Relevant Shares that the "B" Ordinary Shareholders continue to hold at the date of Listing.
- (v) To the extent that the Sale includes an element of deferred or contingent consideration the equity value of such consideration shall be included as part of the Exit Equity Value amount at the time of the Sale but the

proportion of any Exit Amount that may be payable which is attributable to either deferred or contingent consideration shall only be paid out when the consideration is received.

7.6 Provisions applying to all redemptions

7.6.1 When only some of the Preference Shares are redeemed, the redemption shall take place in proportion as nearly as possible to each Preference Shareholder's holding of Preference Shares.

7.6.2 For the purposes of article 7.6.3:

- (i) the Redemption Date on a Sale is the date of the Sale; and
- (ii) the Redemption Date on a Listing is the day of the Listing and the redemption money is to be paid immediately after the Listing.

7.6.3 On the Redemption Date the Exit Amount shall:

- (i) become a debt due and payable by the Company to the Preference Shareholders, irrespective of whether the Company has sufficient distributable profits or other requisite funds to pay the Exit Amount; and
- (ii) be paid by cheque and posted to each Preference Shareholder at the risk of the Company in respect of those Preference Shares which are to be redeemed against receipt of the relevant share certificate (or an indemnity in a form reasonably satisfactory to the Board in respect of a share certificate which cannot be produced). If a Preference Shareholder produces neither the share certificate nor a satisfactory indemnity, the Company may retain the redemption money due to that shareholder pending delivery of the certificate or a satisfactory indemnity.

7.6.4 The Company shall cancel the share certificates in respect of the Preference Shares which have been redeemed and shall issue new certificates without charge in respect of any Preference Shares represented by those certificates which remain in issue within 14 days of the Redemption Date.

7.6.5 If the Company is unable to redeem all the Preference Shares falling for redemption on a relevant Redemption Date, the Company shall on the Redemption Date redeem as many of the Preference Shares as can consistently with the Act be properly redeemed and the balance as soon as thereafter as the Company can lawfully do so.

7.6.6 If any redemption date would otherwise fall on a Saturday, Sunday or a day which is a public holiday in England, then the redemption date shall be the next date which is not such a day.

7.7 Votes

Preference Shareholders are entitled to receive notice of and to attend and speak at, but not to vote at, general meetings of the Company. For the avoidance of doubt, where the Company may have passed elective resolutions to dispense with the holding of annual

general meetings or the holding of general meetings for the purposes of laying reports and accounts, the Preference Shareholders shall have no rights to require the Company to hold such meetings.

7.8 **Transfer**

Other than as set out in articles 8.3 or 9 the Preference Shareholders are not entitled to transfer their Preference Shares.

VARIAION OF CLASS RIGHTS

7A.1 The class rights attaching to the Ordinary Shares shall only be varied or abrogated with the consent in writing of the holders of not less than 75 per cent. in number of the Ordinary Shares in issue or by an extraordinary resolution passed at a separate class meeting of the holders of the Ordinary Shares. Any variation which does not affect the class rights attaching to the Ordinary Shares shall not require such consent.

7A.2 The class rights attaching to the Preference Shares shall only be varied or abrogated with the consent in writing of the holders of not less than 75 per cent. in number of the Preference Shares in issue or by an extraordinary resolution passed at a separate class meeting of the holders of the Preference Shares. Any variation which does not affect the class rights attaching to the Preference Shares shall not require such consent.

7A.3 Unless otherwise expressly provided by the terms of their issue, the rights attaching to any class of shares shall not be deemed to be varied or abrogated by:

7A.3.1 the creation, allotment or issue of further shares ranking *pari passu* with, or in priority to subsisting shares; or

7A.3.2 any alteration to these Articles made conditional upon, or otherwise in connection with, a Listing or Sale.

7A.4 The provisions of these Articles relating to general meetings of the Company or to the proceedings at such meetings shall apply to any separate meeting of the holders of any class of shares, making such changes as are necessary, except that:

7A.4.1 the necessary quorum at any such meeting (other than an adjourned meeting) shall be two persons present in person holding or representing by proxy at least one-third in nominal value of the issued shares of the class (unless all the shares of any class are registered in the name of a single shareholder in which case the quorum shall be that person, his proxy or a duly authorised representative of such shareholder);

7A.4.2 at any adjourned meeting the necessary quorum shall be one person holding shares of the class present in person or by proxy; and

7A.4.3 a poll may be demanded by a member present in person or by proxy and entitled to vote at the meeting and on a poll each member has one vote for every share of that class of which he is a holder.

TRANSFERS

- 8.1 Subject to Articles 8.2 and 8.3, the directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of an Ordinary Share or Preference Share to any person, whether or not it is a fully-paid share or a share on which the Company has a lien.
- 8.2 Notwithstanding anything contained in these Articles, the Directors shall not decline to register any transfer of Ordinary Shares, nor may they suspend registration thereof where such transfer:
- 8.2.1 is to any bank or institution to which such Ordinary Shares have been pledged or charged by way of security, or to any nominee of such a bank or institution (a **"Secured Institution"**); or
 - 8.2.2 is delivered to the Company for registration by a Secured Institution or its nominee in order to perfect its security over the Ordinary Shares; or
 - 8.2.3 is executed by a Secured Institution or its nominee pursuant to the power of sale of other power under such security,

And furthermore notwithstanding anything to the contrary contained in these Articles no transferor of any Ordinary Shares in the Company or proposed transferor of such Ordinary Shares to a Secured Institution or its nominee and no Secured Institution or its nominee shall be required to offer the Ordinary Shares which are or are to be the subject of any transfer aforesaid to the Ordinary Shareholders for the time being of the Company or any of them, and no such Ordinary Shareholder shall have any right under the Articles or otherwise howsoever to require such Ordinary Shares to be transferred to them whether for consideration or not.

- 8.3 The Directors shall not decline to register any transfer of Preference Shares, nor may they suspend registration thereof where such transfer is by an individual:
- 8.3.1 to the trustees of a trust of which the only beneficiaries (and the only people capable of being beneficiaries) are the Preference Shareholder who established the trust and who is transferring the relevant shares and/or his spouse and/or his lineal descendants by blood or adoption (**"Family Members"** and each a **"Family Member"**); and the trustees of such a trust may not transfer Preference Shares under Article 8.3.1 other than to replacement trustees of the same trust;
 - 8.3.2 to a Family Member; or
 - 8.3.3 to the personal representatives or beneficiaries of a Preference Shareholder who has died, once the Preference Shareholder's personal representatives can no longer be bound to sell shares pursuant to Article 9.

COMPULSORY TRANSFER

- 9.1 If an employee, director or non-executive director of the Group (the **"Relevant Individual"**) ceases for any reason (including death or bankruptcy) to be an employee, director or non-executive director of any Group Company (as defined by s140C(6)

Income and Corporation Taxes Act 1988) and is not continuing as either a director or employee of any Group Company and:

- 9.1.1 the Relevant Individual is a holder of Preference Shares (whether solely or jointly with any other person); and/or
- 9.1.2 the Relevant Individual has established a trust which holds Preference Shares following a transfer in accordance with Article 8.3.1; and/or
- 9.1.3 any Preference Shareholder holds Preference Shares as the nominee of the Relevant Individual; and/or
- 9.1.4 Preference Shares are held by a Family Member of the Relevant Individual; and/or
- 9.1.5 Preference Shares are held by a transferee of the Relevant Individual; and/or
- 9.1.6 Preference Shares are held by a company the majority of the issued share capital of which is beneficially owned by the Relevant Individual,

then the "B" Directors may by notice in writing ("**Compulsory Transfer Notice**") served upon the Relevant Individual within 6 months of the date on which the Relevant Individual ceases to be a director or employee (the "**Cessation Date**") (the date of service of such notice being the "**Notice Date**") require the holders of Preference Shares referred to in this Article (or their personal representatives in the case of their death) (the "**Compulsory Sellers**") to offer for sale and transfer all or such number of their Preference Shares (however acquired) as the "B" Directors may decide ("**Sale Shares**") to such person or persons as the "B" Directors may nominate in accordance with Article 9.2.

9.2 The "B" Directors may nominate as transferees of the Sale Shares of the Compulsory Sellers:

- 9.2.1 any employee or director of the Company or any other member of the Group ("**Existing Employees**"); and/or
- 9.2.2 any person or persons whom it is proposed should become an employee or director of the Company or any other member of the Group ("**New Employees**"); and/or
- 9.2.3 the trustees of any trust established for the purpose of holding shares on trust for Existing Employees or New Employees ("**Employee Benefit Trust**"); and/or
- 9.2.4 any one or more existing Ordinary Shareholder(s) as appropriate; and/or
- 9.2.5 any other person or persons who they in their absolute discretion see fit.

Following a transfer to an Employee Benefit Trust under this Article 9, the "B" Directors may serve a further Compulsory Transfer Notice on the Employee Benefit Trust requiring it to offer for sale and transfer all or such number of the Preference Shares held by it as the "B" Directors may decide to such person or persons as the "B" Directors may nominate in accordance with this Article 9.2.

- 9.3 The price for those Sale Shares shall be as follows:
- 9.3.1 if the relevant individual is a **"Good Leaver"**, the price for any such Sale Shares shall be the Market Value of such Sale Shares; or
 - 9.3.2 if the relevant individual is a **"Bad Leaver"**, the price for any such Sale Shares shall be the Market Value of such Sale Shares as at the Cessation Date, or, if less, the issue price of such Sale Shares.
- 9.4 For the purposes of Article 9.3:
- 9.4.1 the **"Market Value"** shall be the price agreed between the Compulsory Sellers and the "B" Directors or, if they fail to agree a price within 21 days of the Notice Date, the price certified by the auditors of the Company on the Cessation Date (the **"Auditors"**) acting as experts and not as arbitrators, to be the market value of the Sale Shares upon the Cessation Date. The Auditors shall determine the price of the shares on the basis of a sale between a willing seller and a willing buyer of the percentage of the number of Preference Shares represented by the shares to be transferred (with no premium for any control rights and no discount for minority holdings) and ignoring any restrictions on the transfer of such shares and the provisions of Article 9. The costs of the Auditors shall be borne in the ratio of 4:1 by the Company and the Compulsory Sellers respectively. The Auditors' determination shall (in the absence of manifest error) be final;
 - 9.4.2 a **"Good Leaver"** is a Relevant Individual who ceases to be an employee and/or director of any Group Company because of death, retirement at the Company's normal retirement age (or earlier with the prior approval of the "B" Directors), permanent incapacity, permanent ill health, dismissal without cause (whether constructive or not), the company of which he is a director or employee ceasing to be a subsidiary undertaking of EGL or the business of which he is an employee or director being sold, a merger between the Group and another health club operator which has directly resulted in the Relevant Individual ceasing to be an employee and/or director or who is otherwise categorised as a Good Leaver by a majority of the Board (which majority must include at least one "B" Director) within 6 months of the Cessation Date; and
 - 9.4.3 a **"Bad Leaver"** is a Relevant Individual who ceases to be an employee and/or director and who is not a Good Leaver.
- 9.5 Within seven days after the price has been agreed or certified:
- 9.5.1 the Company shall notify the Compulsory Sellers of the names and addresses of the Offerees and the number of Sale Shares to be offered to each;
 - 9.5.2 the Company shall notify each Offeree of the number of Sale Shares on offer to him; and
 - 9.5.3 the Company's notices shall specify the price per share and state a date, between seven and 14 days later, on which the sale and purchase of the Sale Shares is to be completed (**"completion date"**).

- 9.6 By the completion date the Compulsory Sellers shall deliver stock transfer forms for the Sale Shares, with the relevant share certificates, to the Company. On the completion date the Company shall pay the Compulsory Sellers, on behalf of each of the Offerees, the agreed or certified price for the Sale Shares to the extent the Offerees have put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Offerees. The Company shall hold the price in trust for the Compulsory Sellers without any obligation to pay interest.
- 9.7 To the extent that Offerees have not, by the completion date, put the Company in funds to pay the agreed or certified price, the Compulsory Sellers shall be entitled to the return of the stock transfer forms and share certificates for the relevant Sale Shares within 14 days and the Compulsory Sellers shall have no further rights or obligations under Article 9 in respect of those Sale Shares.
- 9.8 If a Compulsory Seller fails to deliver stock transfer forms for Sale Shares to the Company by the completion date, the directors may (and shall, if requested by the "B" Directors) authorise any director to transfer the Sale Shares on the Compulsory Seller's behalf to each Offeree to the extent the Offeree has, by the completion date, put the Company in funds to pay the agreed or certified price for the Sale Shares offered to him. The directors shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Compulsory Seller shall surrender his share certificate for the Sale Shares to the Company. On surrender, he shall be entitled to the agreed or certified price for the Sale Shares.
- 9.9 Without prejudice to Article 9.1 if a majority of the Directors (including the "B" Directors) so resolve they may at any time give notice in writing to the legal personal representatives of a deceased member ("PRs") or the trustee in bankruptcy of a member ("**Trustee in Bankruptcy**") requiring such person to elect either to be registered himself or to transfer all or such number of their Preference Shares as the directors may decide to such person or persons as the directors may nominate in accordance with Article 9.2 and at a price determined pursuant to Articles 9.3 and 9.4 provided that in the event of a transfer to a trustee in bankruptcy such amounts shall not be less than Market Value. If such notice is not complied with within 14 days from the date of such notice the Directors may authorise some person to execute and deliver a transfer of the shares concerned to some person appointed by the director as a nominee for the PRs or Trustee in Bankruptcy and the company may give a good receipt for the purchase price of such shares, register the purchaser or purchasers as the holders of them and issue to them certificates for the same whereupon the purchaser or purchasers shall become indefeasibly entitled to such shares. In any such case the PRs or Trustee in Bankruptcy shall be bound to deliver up the certificates for the shares concerned to the Company whereupon they shall become entitled to receive the purchase price which shall in the meantime be held by the Company on trust for such person or persons but without interest.

GENERAL MEETINGS

10. Regulation 37 of Table A is modified by the deletion of the words "eight weeks" and the substitution for them of the words "28 days".

NOTICE OF GENERAL MEETINGS

11. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or an elective resolution must be called by at least 21 clear days' notice. All other extraordinary general meetings must be called by at least 14 clear days' notice but a general meeting may be called by shorter notice if it is so agreed:
 - (f) in the case of an annual general meeting or a meeting called for the passing of an elective resolution, by all the members entitled to attend and vote at that meeting; and
 - (g) in the case of any other meeting, by a majority in number of the members having a right to attend and vote, being (i) a majority together holding not less than such percentage in nominal value of the shares giving that right as has been determined by elective resolution of the members in accordance with the Act, or (ii) if no such elective resolution is in force, a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

The notice must specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, must specify that the meeting is an annual general meeting.

Subject to the provisions of the articles and to any restrictions imposed on any shares, the notice must be given to all the members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors.

PROCEEDINGS AT GENERAL MEETINGS

12. A poll may be demanded by the chairman or by any member present in person or by proxy and entitled to vote and regulation 46 of Table A is modified accordingly.
13. Regulation 53 of Table A is modified by the addition at the end of the following sentence: "If a resolution in writing is described as a special resolution or as an extraordinary resolution, it has effect accordingly."

VOTES OF MEMBERS

14. Regulation 57 of Table A is modified by the inclusion after the word "shall" of the phrase ", unless the directors otherwise determine,".
15. Regulation 59 of Table A is modified by the addition at the end of the following sentence: "Deposit of an instrument of proxy does not preclude a member from attending and voting at the meeting or at any adjournment of it.".
16. An instrument appointing a proxy must be in writing in any usual form or in any other form which the directors may approve and must be executed by or on behalf of the appointor.
17. Regulation 62 of Table A is modified by the deletion in paragraph (a) of the words "deposited at" and by the substitution for them of the words "left at or sent by post or by facsimile transmission to", by the substitution in paragraph (a) of the words "at any time"

in place of "not less than 48 hours" and by the substitution in paragraph (b) of the words "at any time" in place of "not less than 24 hours".

NUMBER OF DIRECTORS

18. Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) is not subject to any maximum and the minimum number is one.

ALTERNATE DIRECTORS

19. A director may appoint any person willing to act, whether or not he is a director of the Company, to be an alternate director. That person need not be approved by resolution of the directors, and regulation 65 is modified accordingly.
20. An alternate director who is absent from the United Kingdom is entitled to receive notice of all meetings of directors and meetings of committees of directors of which his appointor is a member. An alternate director may waive the requirement that notice be given to him of a meeting of directors or a committee of directors, either prospectively or retrospectively. Regulation 66 of Table A is modified accordingly.
21. Regulation 68 of Table A is modified by the addition at the end of the following sentence: "Any such notice may be left at or sent by post or facsimile transmission to the office or another place designated for the purpose by the directors."

DELEGATION OF DIRECTORS' POWERS

22. Regulation 72 is modified by the addition at the end of the regulation of the following sentence: "Where a provision of the articles refers to the exercise of a power, authority or discretion by the directors and that power, authority or discretion has been delegated by the directors to a committee, the provision must be construed as permitting the exercise of the power, authority or discretion by the committee."

APPOINTMENT AND REMOVAL OF DIRECTORS

23. The directors are not subject to retirement by rotation. Regulations 73, 74 and 75 of Table A do not apply, and reference in regulations 67 and 84 to retirement by rotation must be disregarded.
24. The Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.
25. A person appointed by the directors to fill a vacancy or as an additional director is not required to retire from office at the annual general meeting next following his appointment and the last two sentences of regulation 79 of Table A are deleted.
26. No person is incapable of being appointed a director by reason of his having reached the age of 70 or another age. No special notice is required in connection with the appointment or the approval of the appointment of such person. No director is required to vacate his office at any time because he has reached the age of 70 or another age and section 293 of the Act does not apply to the Company.

27. The holder or holders of more than half in nominal value of the shares giving the right to attend and vote at general meetings of the Company may remove a director from office and appoint a person to be a director, but only if the appointment does not cause the number of directors to exceed a number fixed by or in accordance with the articles as the maximum number of directors. The removal or appointment is effected by notice to the Company signed by or on behalf of the holder or holders. The notice may consist of several documents in similar form each signed by or on behalf of one or more holders and shall be left at or sent by post or facsimile transmission to the office or such other place designated by the directors for the purpose. The removal or appointment takes effect immediately on deposit of the notice in accordance with the articles or on such later date (if any) specified in the notice.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

28. The office of a director is vacated if:
- (a) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or
 - (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - (c) he becomes, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director; or
 - (d) he resigns his office by notice to the Company; or
 - (e) he is for more than six consecutive months absent without permission of the directors from meetings of directors held during that period and his alternate director (if any) has not during that period attended any such meetings instead of him, and the directors resolve that his office be vacated; or
 - (f) he is removed from office by notice addressed to him at his last-known address and signed by all his co-directors; or
 - (g) he is removed from office by notice given by a member or members under article 24.

REMUNERATION OF DIRECTORS

29. A director who, at the request of the directors, goes or resides abroad, makes a special journey or performs a special service on behalf of the Company may be paid such reasonable additional remuneration (whether by way of salary, percentage of profits or otherwise) and expenses as the directors may decide.

PROCEEDINGS OF DIRECTORS

30. Regulation 88 of Table A is modified by the exclusion of the third sentence and the substitution for it of the following sentences: "Every director must receive notice of a meeting, whether or not he is absent from the United Kingdom. A director may waive the requirement that notice be given to him of a meeting of directors or a committee of directors, either prospectively or retrospectively."
31. A director or his alternate may validly participate in a meeting of the directors or a committee of directors through the medium of conference telephone or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. Subject to the Act, all business transacted in this way by the directors or a committee of directors is for the purposes of the articles deemed to be validly and effectively transacted at a meeting of the directors or of a committee of directors although fewer than two directors or alternate directors are physically present at the same place. The meeting is 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.
32. If and for so long as there is a sole director of the Company:
- (a) he may exercise all the powers conferred on the directors by the articles by resolution in writing signed by him or by any means permitted by the articles or the Act;
 - (b) for the purpose of regulation 89 of Table A the quorum for the transaction of business is one; and
 - (c) all other provisions of the articles apply with any necessary modification (unless the provision expressly provides otherwise).
33. Without prejudice to the obligation of any director to disclose his interest in accordance with section 317 of the Act, a director may vote at a meeting of directors or of a committee of directors on any resolution concerning a matter in respect of which he has, directly or indirectly, an interest or duty. The director must be counted in the quorum present at a meeting when any such resolution is under consideration and if he votes his vote must be counted.

DIVIDENDS

34. The directors may deduct from a dividend or other amounts payable to a person in respect of a share any amounts due from him to the Company on account of a call or otherwise in relation to a share.

CAPITALISATION OF PROFITS

35. The directors may, with the authority of an ordinary resolution of the Company, resolve that any shares allotted under regulation 110 of Table A to any member in respect of a holding by him of any partly-paid shares rank for dividend, so long as those shares

remain partly paid, only to the extent that those partly-paid shares rank for dividend and regulation 110 of Table A is modified accordingly.

NOTICES

36. Regulation 112 of Table A is modified by the deletion of the last sentence and the substitution for it of the following: "A member whose registered address is not within the United Kingdom is entitled to have notices given to him at that address or at an address specified by him to which notices may be sent using electronic communications and in this article "address", in relation to electronic communications, includes any number or address used for the purposes of such communications."
37. A notice sent to a member (or another person entitled to receive notices under the articles) by post to an address within the United Kingdom is deemed to be given:
- (a) 24 hours after posting, if pre-paid as first class, or
 - (b) 48 hours after posting, if pre-paid as second class,

and a notice contained in an electronic communication shall be deemed to be given at the expiration of 48 hours after the time it was sent.

A notice sent to a member (or other person entitled to receive notices under the articles) by post to an address outside the United Kingdom is deemed to be given 72 hours after posting, if pre-paid as airmail. Proof that an envelope containing the notice was properly addressed, pre-paid and posted is conclusive evidence that the notice was given. Proof that a notice contained in an electronic communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators, shall be conclusive evidence that the notice was given. A notice not sent by post or using electronic communications, but left at a member's registered address is deemed to have been given on the day it was left.

38. Regulation 116 of Table A is modified by the deletion of the words "within the United Kingdom".

INDEMNITY, DEFENCE COSTS AND INSURANCE

39.

- 39.1 To the extent permitted by the Act and without prejudice to any indemnity to which he may otherwise be entitled, every person who is or was a director or other officer of the Company (other than any person (whether or not an officer of the Company) engaged by the Company as auditor) may be and may be kept indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him (whether in connection with any negligence, default, breach of duty or breach of trust by him or otherwise) in relation to the Company or its affairs provided that such indemnity shall not apply in respect of any liability incurred by him:

- (a) to the Company or to any associated company; or
- (b) to pay a fine imposed in criminal proceedings; or

- (c) to pay a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (howsoever arising); or
- (d) in defending any criminal proceedings in which he is convicted; or
- (e) in defending any civil proceedings brought by the Company, or an associated company, in which judgment is given against him; or
- (f) in connection with any application under any of the following provisions in which the court refuses to grant him relief, namely:
 - (i) section 144(3) or (4) (acquisition of shares by innocent nominee); or
 - (ii) section 727 (general power to grant relief in case of honest and reasonable conduct).

39.2 In article 39(d), 39(e) or 39(f) the reference to a conviction, judgment or refusal of relief is a reference to one that has become final. A conviction, judgment or refusal of relief becomes final:

- (a) if not appealed against, at the end of the period for bringing an appeal, or
- (b) if appealed against, at the time when the appeal (or any further appeal) is disposed of.

An appeal is disposed of:

- (i) if it is determined and the period for bringing any further appeal has ended, or
- (ii) if it is abandoned or otherwise ceases to have effect.

39.3 In this article 39, "associated company", in relation to the Company, means a company which is a subsidiary of the Company, or a holding company of or a subsidiary of any holding company of the Company.

39.4 Without prejudice to article 39.1 or to any indemnity to which a director may otherwise be entitled, and to the extent permitted by the Act and otherwise upon such terms and subject to such conditions as the directors may in their absolute discretion think fit, the directors shall have the power to make arrangements to provide a director with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings or in connection with an application under section 144(3) or (4) (acquisition of shares by innocent nominee) or section 727 (general power to grant relief in case of honest and reasonable conduct) or to enable a director to avoid incurring any such expenditure.

39.5 To the extent permitted by the Act, the directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is or was:

- 39.5.1 a director, alternate director, secretary or auditor of the Company or of a company which is or was a subsidiary undertaking of the Company or in which the Company has or had an interest (whether direct or indirect); or

39.5.2 trustee of a retirement benefits scheme or other trust in which a person referred to in the preceding paragraph is or has been interested,

indemnifying him and keeping him indemnified against liability for negligence, default, breach of duty or breach of trust or other liability which may lawfully be insured against by the Company.

SOLE MEMBER

40. If and for so long as the Company has only one member:

- (a) in relation to a general meeting, the sole member or a proxy for that member or (if the member is a corporation) a duly authorised representative of that member is a quorum and regulation 40 of Table A is modified accordingly;
- (b) a proxy for the sole member may vote on a show of hands and regulation 54 of Table A is modified accordingly;
- (c) the sole member may agree that any general meeting, other than a meeting called for the passing of an elective resolution, be called by shorter notice than that provided for by the articles; and
- (d) all other provisions of the articles apply with any necessary modification (unless the provision expressly provides otherwise).