

Company No: 4392195

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
NEW
ARTICLES OF ASSOCIATION
OF
LOVEFILM INTERNATIONAL LIMITED
(the "Company")



(Adopted by Special Resolution of the Members passed on 10 April 2006 and amended by
Special Resolution of the Members passed on 6 July 2006))

1 PRELIMINARY

1.1 In these Articles and (where appropriate) in Table A:

"AAM"	means Arts Alliance Media (BVI) Limited;
"the Act"	means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being;
"Approved Company Share Option Plan"	means a share option plan of the Company which has been approved by H.M. Revenue & Customs as meeting the requirements for an approved scheme as set out in schedule 4 of the Income Tax (Earnings & Pensions) Act 2003;
"Articles"	means these Articles of Association as varied from time to time;
"Benchmark"	means Benchmark Europe I, L.P. as nominee for Benchmark Europe I, L.P., Benchmark Europe Founders' Fund I, L.P., Benchmark Europe Founders' Fund I-A., Benchmark SLP Fund I, L.P. and related individuals and its manager Benchmark Management (UK) LLP;
"the Board"	means the board of directors of the Company from time to time;
"Business Day"	means a day (other than Saturday or Sunday) on which banks generally are open for business in London;
"Cazenove"	means Cazenove New Europe Access Fund No. 1 L.P., and Cazenove New Europe Access Fund No.

- 7.2 If, owing to the inequality in the number of new Shares to be issued and the number of Shares held by the holders entitled to receive the offer of new Shares, any difficulty shall arise in the apportionment of any such new Shares amongst the holders, such difficulties shall in the absence of direction by the Company be determined by the Board.
- 7.3 Members who accept the above offer shall be entitled to indicate that they would accept, on the same terms, Shares (specifying a maximum number) that have not been accepted by other Members ("**Excess Shares**") and any Excess Shares shall be allotted to Members who have indicated they would accept Excess Shares. Excess Shares shall be allotted pro rata to the aggregate number of Shares held by Members accepting Excess Shares providing that no such Member shall be allotted more than the maximum number of Excess Shares such Member has indicated he is willing to accept. After the expiration of such time or upon receipt by the Company of an acceptance or refusal of every offer so made, the Board shall be entitled to dispose of any Shares so offered and which are not required to be allotted in accordance with the foregoing provisions in such manner as the Board may think most beneficial to the Company.
- 7.4 Section 89(1) of the Act shall not apply to any allotment of equity securities made by the Company.

8 PRE-EMPTION ON TRANSFER, MANDATORY TRANSFERS AND OFFERS TO PURCHASE

- 8.1 Unless otherwise agreed in writing by Members holding between them 100 per cent. of the Shares then in issue (by number) or pursuant to the terms of Articles 8.2 and 8.3 the right to transfer Shares shall be subject to the following restrictions namely:
- 8.1.1 Subject to Article 8.2 no holder of Redeemable Ordinary Shares shall be entitled to transfer any Redeemable Ordinary Shares then held by such holder save with the consent of the Investors (which may be given or withheld by each Investor in its sole discretion).
- 8.1.2 Before transferring any Shares (the "**Sale Shares**") the person proposing to transfer the same ("**Proposing Transferor**") shall give notice in writing ("**Transfer Notice**") to the Board that he proposes to transfer the same, the person to whom he proposes to sell the Sale Shares (the "**Proposed Transferee**"), the price per Sale Share at which he wishes to sell ("**Offer Price**") and whether he wishes to transfer some only or all of the Sale Shares. If no Offer Price is stated by the Proposing Transferor, the Offer Price shall be the Prescribed Price.
- 8.1.3 The Directors may require the Proposing Transferor to furnish them with such evidence ("**Further Information**") as they require about the bona fide nature of the Offer Price where such price has been offered by a third party purchaser to whom the Proposing Transferor proposes to sell the Sale Shares and may refuse to offer the Sale Shares for sale or to register their transfer if, in the Directors' absolute discretion, they honestly determine that the Offer Price offered by such proposed purchaser and/or the willingness of the proposed purchaser to purchase the Sale Shares are not for any bona fide reason.
- 8.1.4 Subject to the aforesaid, the Transfer Notice shall constitute the Board as the Proposing Transferor's agent for the sale of the Sale Shares therein mentioned in accordance with the following provisions of this Article 8. Save as hereafter