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**SPECIAL RESOLUTIONS**

of

**LOVEFILM INTERNATIONAL LIMITED ("Company")**

**Passed on 31 March 2008**

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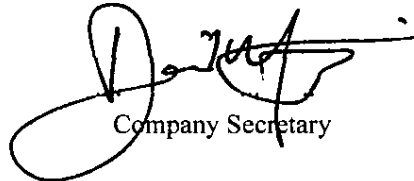
At a general meeting of the Company duly convened and held at No 9, 6 Portal Way, London W3 6RU on 31 March 2008 at 12 00 p m , the following resolutions were duly passed as special resolutions

- 1 That the authorised share capital of the Company be increased from £6,063 86 to £8,373 82 by the creation of an additional 2,309,951 ordinary shares of £0 001 each to rank pari passu in all respects with the existing ordinary shares in the capital of the Company
- 2 That subject to the passing of resolution 1 above, the directors be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") and without prejudice to any other authority subsisting for the time being to exercise all the powers of the Company to allot, grant options over or otherwise dispose of or deal with any unissued shares and relevant securities (as defined in section 80(2) of the Act), on such terms and in such manner as they think fit, but subject to any agreement binding on the Company, provided that the authority shall
  - (a) be limited to 2,309,951 ordinary shares of £0 001 each in the capital of the Company required to be issued pursuant to (i) the terms of a sale and purchase and subscription agreement dated 28 January 2008 between the Company and Amazon EU S à r l (the "SPSA") or (ii) the terms of a warrant instrument to be executed by the Company in accordance with the SPSA, and
  - (b) expire on the fifth anniversary of the date of the passing of the resolution to give this authority, but without prejudice to any offer or agreement made before that anniversary which would or might require the exercise by the directors after such anniversary of their powers pursuant to such authority
- 3 That, conditional only on completion of the SPSA in accordance with its terms (save for delivery to Amazon EU S à r l of a certified copy of the Resolutions set out in this notice), the Company adopt new articles of association in the form produced to the meeting and initialled by the Chairman for the purposes of identification to the



exclusion of and in substitution for the existing articles of association of the Company

- 4 That the Company's articles of association be amended by the deletion of the existing article 8 5 1 and the insertion of a new article 8 5 1 in its place to read as follows "the Board resolving to give a Transfer Notice where a Member dies and his Shares have not been transferred as permitted by Article 8 2 3 within six months of his death, or"



Company Secretary

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 Resolutions of the Members passed on 6 July 2006, 18 December 2006 and on 31 March 2008)

**1 PRELIMINARY**

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

<b>"AAM"</b>	means Arts Alliance Media (BVI) Limited,
<b>"the Act"</b>	means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being,
<b>"Approved Company Share Option Plan"</b>	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,
<b>"Articles"</b>	means these Articles of Association as varied from time to time,
<b>"Benchmark"</b>	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,
<b>"the Board"</b>	means the board of directors of the Company from time to time,
<b>"Business Day"</b>	means a day (other than Saturday or Sunday) on which banks generally are open for business in London,

<b>"Cazenove"</b>	means Cazenove New Europe Access Fund No 1 L P , and Cazenove New Europe Access Fund No 2, L P acting by Cazenove New Europe (GP) Limited,
<b>"clear days"</b>	in relation to the period of a notice, means that period excluding the day when the notice shall be given or deemed to be given and the day for which it shall be given or on which it shall be deemed to be given or on which it shall take effect,
<b>"Competitor"</b>	means any business competing with the whole or part of any business carried on by the Company or any subsidiary or holding company from time to time,
<b>"Conversion Date"</b>	means the date specified in a Conversion Notice for conversion of a specified number of a Member's Ordinary Shares into Deferred Shares,
<b>"CSOP Shares"</b>	means Ordinary Shares issued pursuant to the exercise of options granted under an Approved Company Share Option Plan,
<b>"Deferred Shares"</b>	means deferred shares of £0 001 each in the share capital of the Company having the rights and being subject to the restrictions set out in Article 4,
<b>"Directors"</b>	means the directors from time to time of the Company,
<b>"Employee Shares"</b>	means Redeemable Ordinary Shares allotted to any person, who at the time of the allotment of such shares, was an employee of the Company or any of its subsidiaries where such allotment occurred pursuant to the Unapproved Company Share Option Plan,
<b>"Electronic Communication"</b>	has the meaning ascribed to such term in the Electronic Communications Act 2000,
<b>"executed"</b>	includes any mode of execution,
<b>"Ex-Employee"</b>	means a person who holds Redeemable Ordinary Shares and has ceased to be an employee of the Company or any of its subsidiaries by reason of - <ul style="list-style-type: none"> <li>(i) the termination of his or her employment with the Company (or any of its subsidiaries) in circumstances entitling the Company (or any of its subsidiaries) to dismiss such person</li> </ul>

	<p>(A) summarily, or</p> <p>(B) for cause in accordance with the employee's contract of employment,</p> <p>in each case otherwise than by reason of death, serious illness, permanent disability or incapacity, or</p> <p>(ii) his or her employment being terminated by his or her giving notice to the Company (or any of its subsidiaries) to terminate his or her employment otherwise than by reason of retirement at the Company's normal retirement age,</p>
<b>"Ex-Employee Shares"</b>	means Redeemable Ordinary Shares which were held by an Ex-Employee at the time when he or she became an Ex-Employee,
<b>"Historic Shareholders"</b>	means holders of Ordinary Shares immediately prior to the adoption of these Articles,
<b>"holder"</b>	in relation to Shares means the Member whose name is entered in the register of Members of the Company as the holder of the Shares,
<b>"holding company"</b>	means a holding company as defined in section 736 of the Act,
<b>"Index"</b>	means Index Ventures II (Jersey) L P, Index Ventures II (Delaware) L P, Index Ventures II Parallel Entrepreneur Fund (Jersey – A) L P, Index Ventures II Parallel Entrepreneur Fund (Jersey – B) L P, Index Ventures II GmbH & Co KG, and Yucca Partners LP on behalf of the Index Co-Investment Scheme,
<b>"Investors"</b>	means (i) Arts Alliance Media (BVI) Limited, (ii) Benchmark, (iii) Cazenove, (iv) Index and any person to whom any such Investor shall transfer Shares in accordance with Article 8.2 (a Permitted Transferee) and <b>"Investor"</b> shall mean any of them,
<b>"Investment Fund"</b>	means each of Benchmark, Cazenove, Index and AAM,
<b>"Investor Director"</b>	has the meaning set out in Article 18.2,
<b>"Listing"</b>	means the admission of any of the Ordinary Shares, or of the ordinary shares of a holding

company, of the Company to the Official List in the United Kingdom becoming effective, or the granting of permission for any of the Ordinary Shares to be dealt on another recognised investment exchange (as defined by section 285(1)(a) of the Financial Services and Markets Act 2000) or the Alternative Investment Market, regulated by the London Stock Exchange, or the National Association of Securities Dealers Automated Quotations "NASDAQ",

<b>"Member"</b>	means any holder for the time being of Shares,
<b>"Non-Investor Shareholder"</b>	means a member holding Ordinary Shares other than any of the Investors,
<b>"Office"</b>	means the registered office of the Company,
<b>"Ordinary Shares"</b>	means ordinary shares of £0 001 each in the share capital of the Company,
<b>"Permitted Transferee"</b>	has the meaning given thereto in Article 8 2,
<b>"Prescribed Price"</b>	has the meaning given thereto in Article 8 6,
<b>"Redeemable Ordinary Shares"</b>	means redeemable ordinary shares of £0 001 each in the share capital of the Company,
<b>"Relevant Percentage"</b>	means in relation to any Employee Shares held by any person who has ceased to be employed by the Company or by any of its subsidiaries, such percentage as is specified as the Relevant Percentage by the Board, or may result from a formula specified by the Board for the purpose of giving the Relevant Percentage, as applicable to such Employee Shares as a term of the allotment of such shares. For the avoidance of doubt, the Board may specify that such Relevant Percentage, or the calculation to be made to ascertain such Relevant Percentage, will depend on certain specified criteria,
<b>"Relevant Price"</b>	has the meaning set out in Article 2 8 6(e),
<b>"seal"</b>	means the common seal of the Company,
<b>"Secretary"</b>	means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary,

<b>"Shares"</b>	means all or any of the Ordinary Shares or the Redeemable Ordinary Shares or any shares in the capital of the Company from time to time,
<b>"subsidiary"</b>	means in relation to any company both a subsidiary of such company as defined in section 736 of the Act and a subsidiary undertaking in relation to such company as defined in section 258 of the Act,
<b>"Table A"</b>	means Table A in the Companies (Tables A to F) Regulations 1985 (Statutory Instrument Number 805),
<b>"Unapproved Company Share Option Plan"</b>	means the Company's unapproved share scheme as created pursuant to the resolutions of the Members passed on 23 February 2005,
<b>"United Kingdom"</b>	means Great Britain and Northern Ireland
<b>"Vesting Period"</b>	means in relation to any Employee Shares the period (if any) specified by the Board as the Vesting Period applicable to such Employee Shares as a term of the allotment of such Employee Shares,
<b>"Vesting Period Start Date"</b>	means in relation to any Employee Shares allotted to any person, the date (if any) specified by the Board as the Vesting Period Start Date applicable to such Employee Shares as a term of the allotment of such Employee Shares or if no Vesting Period Start Date is so specified (unless the Board shall specify that no Vesting Period shall apply in relation to such Employee Shares), the date of commencement of employment by the Company or any of its subsidiaries of the allottee of such Employee Shares,
<b>"Warrants"</b>	means (i) the warrant agreement dated 10 April 2006 between Video Island, Inc, the Company and European Venture Partners II Leveraged Venture Leasing Company Limited ("EVP") pursuant to which EVP has the right to subscribe up to 11,403 Ordinary Shares, (ii) the warrant agreement dated 10 2006 between Video Island, Inc, the Company and EVP pursuant to which EVP has the right to subscribe up to 30,410 Ordinary Shares, (iii) the warrant agreement dated on or around the date of adoption of these Articles between the Company and EVP pursuant to which EVP has the right to subscribe up to 14,064 Ordinary Shares, (iv) the warrant agreement dated 10 April 2006 between Video Island, Inc, the Company and Cazenove

pursuant to which Cazenove has the right to subscribe up to 38,013 Ordinary Shares, and (v) the warrant agreement dated on or around the date of adoption of these Articles between Video Island Inc, the Company and Mandy Pooler pursuant to which Mandy Pooler has the right to subscribe up to 1,300 Ordinary Shares,

**"Warrant Run-Off"**

means such number of Ordinary Shares equal to the difference between (i) the number of Ordinary Shares the subject of warrants granted to EVP under the terms of the sale and leaseback agreement between the Company and Venture Leasing (UK) Limited (entered into on or around the adoption of these Articles) as at the date when under such sale and leaseback agreement no further warrants can be granted and (ii) 14,155,

- 1 2 A reference to any statute or provision of a statute includes a reference to any statutory modification or re-enactment of it for the time being in force
- 1 3 Unless the context otherwise requires
  - 1 3 1 words in the singular include the plural and vice versa,
  - 1 3 2 words importing any gender include all genders,
  - 1 3 3 a reference to a person includes a reference to a body corporate and to an unincorporated body of persons,
  - 1 3 4 words or expressions contained in these Articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these Articles were adopted by the Company,
  - 1 3 5 a person shall be deemed to be "**connected with**" another if that person is either
    - 1 3 6 connected with such other within the meaning of section 839 of Income and Corporation Taxes Act 1988 or within the meaning of section 249 of the Insolvency Act 1986, or
    - 1 3 7 is an associate of such other within the meaning of section 435 of the Insolvency Act 1986,
- 1 4 The headings are inserted for convenience only and do not affect the construction of these Articles
- 1 5 The following regulations of Table A shall not apply to the Company 3, 5, 12, 14, 16, 23 to 25 (inc), 32, 34 to 55 (inc), 57, 60 to 62 (inc), 64 to 81 (inc), 84 to 98 (inc), 111, 112 and 115 In addition to the remaining Regulations of Table A as varied hereby the following shall be the Articles of Company



## **2 SHARE CAPITAL**

- 2 1 The authorised share capital of the Company on the date of adoption of these Articles is £6,063 86 divided into 6,000,000 Ordinary Shares, 46,176 Redeemable Ordinary Shares and 17,684 Deferred Shares
- 2 2 The Shares shall, except where otherwise provided herein, entitle the holders thereof to the same rights and privileges and subject them to the same restrictions and provisions hereinafter appearing
- 2 3 Subject to the provisions of the Act and these Articles, all unissued Shares shall be at the disposal of the Directors and they may allot, grant rights, options or warrants to subscribe or otherwise dispose of them to such person, at such times, and on such terms as they think proper
- 2 4 The Company shall have power to purchase its own Shares (whether issued on the terms that they are, or are liable, to be redeemed or not) subject to the requirements of Sections 162 to 170 (inclusive) of the Act and these Articles
- 2 5 Subject to the provisions of Sections 80 and 159 to 161 (inclusive) of the Act, any Shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, at the option of the Company or the Member holding any such shares, liable to be redeemed on such terms and in such manner as the Company before the issue of the shares may by ordinary resolution determine
- 2 6 The Company shall have power to redeem or purchase its Shares out of capital subject to the provisions of Sections 171 to 177 (inclusive) of the Act
- 2 7 Except as required by law, and even when the Company shall have express notice thereof, no person shall be recognised by the Company as holding any Share upon any trust and (except as otherwise provided by the Articles or by law) the Company shall not be bound by or recognise any interest in any Share except an absolute right to the entirety thereof in the holder
- 2 8 Save as otherwise provided in these Articles, the Redeemable Ordinary Shares shall rank *pari passu* in all respects with the Ordinary Shares but shall constitute a separate class of share The special rights and restrictions applying to the Redeemable Ordinary Shares are as follows
- 2 8 1 the Redeemable Ordinary Shares shall not confer on the holders thereof the right to receive notice of or to attend or vote or speak at any general meeting of the Company,
- 2 8 2 Save as set out in this Article 2 8 2, the holders of Redeemable Ordinary Shares shall not be entitled to any participation in the profits or assets of the Company On a liquidation, dissolution, winding up or other return of capital of the Company (other than a conversion or redemption or purchase by the Company of any of its Shares) the assets of the Company available for distribution among the Members shall be applied strictly in the following order of priority
- (a) first, in paying to the holders of Ordinary Shares and Redeemable Ordinary Shares the capital paid up on such Shares (proportionately to the nominal amounts paid up on such Shares); and

- (b) secondly, in paying any balance on a pro rata basis to the holders of Ordinary Shares
- 2 8 3 The rights attached to the Redeemable Ordinary Shares shall not be deemed to be varied or abrogated by the creation or issue of any new Shares ranking in priority to or pari passu with or subsequent to such Redeemable Ordinary Shares
- 2 8 4 The Company shall have the right, subject to the Act and Article 8 14, to take the actions set out at Articles 2 8 5 or 2 8 6 in respect of any Redeemable Ordinary Shares and shall have absolute discretion to determine whether to proceed under Article 2 8 5 or 2 8 6 in relation to any particular Redeemable Ordinary Share In the event any such Redeemable Ordinary Share is not duly redeemed or transferred in accordance with such Articles for any reason, the Company shall not be prevented from using its rights under such Articles subsequently in relation to the same Redeemable Ordinary Share
- 2 8 5 (a) Subject to Article 2 8 4, the Company shall have the right to redeem at any time between the date of issue of the relevant Shares and one thousand years thereafter and from time to time any or all of
  - (i) the Redeemable Ordinary Shares which are, at the time of the proposed redemption, Ex Employee Shares, and
  - (ii) where a person (other than an Ex-Employee) holding Employee Shares ceases to be employed by the Company or any of its subsidiaries prior to the expiry of the Vesting Period applicable to such Employee Shares, such number (rounded down to the nearest whole number) of Employee Shares which were held by such person at his Termination Date as represents the Relevant Percentage of the Employee Shares held by such person at his Termination Date,

by giving to the holder(s) of the particular Redeemable Ordinary Shares to be redeemed not less than 28 days' notice in writing (a "**Redemption Notice**") of the date (the "**Redemption Date**") when such redemption is to be effected
- (b) The Company shall have absolute discretion as to the selection of the Redeemable Ordinary Shares to be redeemed (if less than all are to be redeemed)
- (c) Any Redemption Notice given under paragraph (a) above shall specify the particular Redeemable Ordinary Shares to be redeemed, the applicable Redemption Date and the place at which the certificates for such Redeemable Ordinary Shares are to be presented for redemption and upon such Redemption Date each of the holders of the Redeemable Ordinary Shares concerned shall be bound to deliver to the Company at such place, the certificates for the Redeemable Ordinary Shares concerned, held by him If any certificate so delivered to the Company includes any Redeemable Ordinary Shares not to be redeemed on the relevant Redemption Date, a fresh certificate for such Redeemable Ordinary Shares shall be issued free of charge to the holder delivering such certificate to the Company If the certificates for the Redeemable

Ordinary Shares concerned are not delivered as aforesaid, the Company shall nevertheless redeem such shares, apply any monies due to any third party pursuant to paragraph (d) below in payment to such third party and retain the monies due to the holder thereof after deducting the amount of any liability to taxation referred to in paragraph (e) below for payment against delivery of the relevant share certificate(s)

- (d) If any Redeemable Ordinary Share which is to be redeemed is not fully paid up, the Company may, in the relevant Redemption Notice, require that the Redeemable Ordinary Share(s) concerned are immediately paid up in full and if not so paid up in full within 14 days of the date of the Redemption Notice, the Company may make such arrangements as it sees fit for such Redeemable Ordinary Share(s) to be paid up in full by a third party on behalf of the holder of such Redeemable Ordinary Share(s) on terms that upon redemption there is paid to the third party concerned, out of the proceeds of redemption of the Redeemable Ordinary Share(s) concerned, the amount paid up by such third party. Where any part of the monies required to pay up such Redeemable Ordinary Share(s) have been provided by a third party, the Company shall pay the amount paid up by such third party to such third party and, subject to paragraphs (c) and (e), the balance to the holder of the Redeemable Ordinary Share so redeemed
  - (e) In relation to any Redeemable Ordinary Share(s) in respect of which a liability of the Company for any taxation has arisen or will arise on sale, the Company may, in the relevant Redemption Notice, require that the holder of the Redeemable Ordinary Share(s) concerned pays to the Company the amount of such liability and if not so paid in full by the time of the redemption of the relevant Redeemable Ordinary Shares, on redemption of such shares the amount to be received by the holder of such shares shall be reduced by the amount of such liability
  - (f) Upon delivery to the Company of the certificate(s) for the Redeemable Ordinary Shares to be redeemed pursuant to paragraph (c) above the Company shall pay to such holder the amount due to him in respect of such redemption which shall be the amount paid up on the Share to be redeemed (including any share premium) ("**Redemption Amount**") subject to paragraphs (d) and (e) of this Article 2 8 5
- 2 8 6 (a) Subject to Article 2 8 4, the Company shall have the right at any time to require a holder of Redeemable Ordinary Shares to offer for sale any or all of
- (i) the Redeemable Ordinary Shares which are, at the time of the proposed sale, Ex Employee Shares, and
  - (ii) where a person (other than an Ex-Employee) holding Employee Shares ceases to be employed by the Company or any of its subsidiaries prior to the expiry of the Vesting Period applicable to such Employee Shares, such number (rounded down to the nearest whole number) of Employee Shares which were held by such person at his Termination Date as represents the Relevant Percentage of the Employee Shares held by such person at his Termination Date,

by giving to the holder(s) of the particular Redeemable Ordinary Shares to be offered for sale (the "**Employee Sale Shares**") notice in writing (a "**Sale Notice**") specifying the particular Employee Sale Shares to be offered for sale

- (b) The Company shall have absolute discretion as to the selection of the Redeemable Ordinary Shares to be offered for sale (if less than all are to be offered for sale)
- (c) If any Employee Sale Share(s) is not fully paid up, the Company may, in the relevant Sale Notice, require that the Employee Sale Share(s) concerned is immediately paid up in full and if not so paid up in full within 14 days of the date of the Sale Notice, the Company may make such arrangements as it sees fit for such Employee Sale Share(s) to be paid up in full by a third party on behalf of the holder of such Employee Sale Share(s) on terms that upon sale there is paid to the third party concerned, out of the proceeds of sale of the Employee Sale Share(s) concerned, the amount paid up by such third party. Where any part of the monies required to pay up such Employee Sale Share have been provided by a third party, on completion of the sale of the Employee Sale Share(s) the purchaser shall pay the amount paid up by such third party to such third party and, subject to paragraph (l) below, the balance to the holder of the Employee Sale Share(s) so sold
- (d) In relation to any Employee Sale Share(s) in respect of which a liability of the Company for any taxation has arisen or will arise on sale, the Company may, in the relevant Sale Notice, require that the holder of the Employee Sale Share(s) concerned pays to the Company the amount of such liability and if not so paid in full within 14 days of the date of the Sale Notice, the Company may make such arrangements as it sees fit for such liability to be paid in full by a third party on behalf of the holder of such Employee Sale Share(s) on terms that upon sale there is paid to the third party concerned, out of the proceeds of sale of the Employee Sale Share(s) concerned, the amount paid by such third party. Where any part of the monies required to pay such liability have been provided by a third party, on completion of the sale of the Employee Sale Share(s) the purchaser shall pay the amount paid by such third party to such third party and, subject to paragraph (l) below, the balance to the holder of the Employee Sale Share(s) so sold
- (e) At completion of the sale of the Employee Sale Share(s) to the purchaser pursuant to paragraph (k) below, the purchaser(s) of such shares shall pay to such holder the amount due to him in respect of such sale which shall be the amount paid up on a Employee Sale Share to be sold (including any share premium) (the "**Relevant Price**") subject to paragraphs (c), (d) and (l) of this Article 286
- (f) Within 3 days after issuing the Sale Notice the Board shall in writing offer the Employee Sale Shares at the Relevant Price to the Investors in the proportion that the number of Ordinary Shares held by each Investor bears to the total number of Ordinary Shares held in aggregate by the Investors and such offer (the "**Investor Employee Sale Share Transfer Offer**") shall invite each Investor to state in writing within 14 days from the date

of the Investor Employee Sale Share Transfer Offer ("**Investor Employee Sale Share Offer Period**") whether it is willing to purchase any of the Employee Sale Shares at the Relevant Price and, if so, how many it desires to purchase, failing which that Investor shall be deemed to have declined the Investor Employee Sale Share Transfer Offer. At the expiration of the Investor Employee Sale Share Offer Period the Board shall allocate such Employee Sale Shares to each Investor if it has notified its willingness to purchase them as aforesaid.

- (g) Within 3 days after the expiry of the Investor Employee Sale Share Offer Period or receipt by the Company of the written acceptance of the Investor Employee Sale Share Transfer Offer (whichever is the earlier) the Board shall in writing offer those Employee Sale Shares in relation to which the Investor Employee Sale Share Transfer Offer has not been accepted to the Other Members pro rata to their existing holdings of Shares (calculated as if the Investors' Shares and the Employee Sale Shares were not issued) at the Relevant Price and such offer (the "**Members Employee Sale Shares Transfer Offer**") shall invite each of the Other Members to state in writing within 14 days from the date of the Members Transfer Offer ("**Members Employee Sale Share Offer Period**") whether he is willing to purchase any of his entitlement to such Employee Sale Shares at the Relevant Price and, if so, how many he desires to purchase (up to his pro-rata entitlement in each case), failing which that Other Member shall be deemed to have declined the Members Employee Sale Share Transfer Offer. At the expiration of the Members Employee Sale Share Offer Period the Board shall allocate such Employee Sale Shares to the Other Members as have notified their willingness to purchase them as aforesaid.
- (h) If at the expiration of the Members Employee Sale Share Offer Period any Employee Sale Shares comprised in the Sale Notice shall still remain unallocated the Board shall forthwith in writing make a further offer (the "**Second Members Employee Sale Share Transfer Offer**") offering the unallocated Employee Sale Shares to the Members (other than the Investor and those Members who did not take up their full entitlement of Employee Sale Shares under the Members Employee Sale Share Transfer Offer) and such Second Members Employee Sale Share Transfer Offer shall state the number of Employee Sale Shares remaining unallocated and shall invite the recipients thereof to state in writing within 7 days from the date of the Second Employee Sale Shares Members Transfer Offer ("**Second Members Employee Sale Share Offer Period**") whether or not they are willing to purchase further, and if so, what number of, Employee Sale Shares at the Relevant Price. At the expiration of the Second Members Employee Sale Share Offer Period the Board shall allocate the remaining Employee Sale Shares comprised in the Sale Notice to the Member or Members as the case may be who shall have notified their willingness to purchase further Employee Sale Shares as aforesaid and in the event of competition in proportion (as nearly as may be and without increasing numbers sold to any Member beyond the number applied for by him) to which such claims are made.
- (i) If at the expiration of the Second Members Employee Sale Share Offer Period any Employee Sale Shares comprised in the Sale Notice shall still

remain unallocated the Board may within the 7 day period from the end of the Second Members Employee Sale Share Offer allocate them to any third party or third parties willing to purchase such shares at the Relevant Price and subject to such conditions as the Board may specify (and, for the avoidance of doubt, the Board may make it a condition of such allocation that the third party or third parties agree to adhere to the terms of the Shareholders Agreement)

- (j) Within 7 days after the expiry of the Members Employee Sale Share Offer Period or, if required to be made, the Second Members Employee Sale Share Offer Period or, if the Board shall have allocated all of the remaining Employee Sale Shares in accordance with paragraph (i) above, within 7 days of such allocation, the Board shall give notice in writing to the holder(s) of the Employee Sale Shares of the numbers of Employee Sale Shares allocated to the Investor, the Other Members and third parties. Every such notice shall state the number of Employee Sale Shares agreed to be purchased and the Relevant Price. If the Board shall pursuant to the foregoing provisions of this Article 2.8.6 have allocated all the Employee Sale Shares concerned, the holder(s) of the Employee Sale Shares shall be bound on receipt of the Relevant Price to transfer the relevant Employee Sale Shares to the Investors and/or the Other Members and/or third party (as the case may be).
- (k) The sale and purchase of Employee Sale Shares shall be completed as soon as reasonably practicable at a place and time (but no later than 14 days after the Board has allocated all the Sale Shares) to be appointed by the Board and notified to the holder(s) of the Employee Sale Shares at least 7 days in advance in writing when, against payment of the Relevant Price and any relevant stamp duties, the Investor and/or the Other Members and/or third party (as the case may be) shall be registered as the holder(s) of the relevant Employee Sale Shares in the register of Members of the Company and Share certificate(s) in the name(s) of the Investors and/or the Other Members and/or third party (as the case may be) and in respect of the relevant Employee Sale Shares shall be delivered to the Investor and/or the Other Members and/or third party (as the case may be).
- (l) If in any case a holder of Employee Sale Shares, after having become bound to transfer any Employee Sale Shares to the Investor and/or the Other Members and/or third party (as the case may be), shall make default in so doing, the Board shall on behalf of such holder of Employee Sale Shares authorise some person to execute any necessary transfers in favour of the Investor and/or the Other Members and/or third party (as the case may be) and shall receive the purchase money and shall thereupon cause the name of the Investor and/or the Other Members and/or third party (as the case may be) to be entered into the register of Members as the holder of the relevant Employee Sale Shares and (subject to paragraphs (c) and (d) above) hold the purchase money in trust for the holder of Employee Sale Shares but shall not be bound to earn or pay interest thereon. The receipt of the Company of the purchase money shall be a good discharge to the Investor and/or the Other Members and/or third party (as the case may be) who shall not be bound to see to the application thereof and after the name(s) of the Investor and/or the Other Members and/or third party

(as the case may be) has been entered in the register of Members of the Company in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person

### **3 CONVERSION OF ORDINARY SHARES**

- 3 1 The Company may, by notice in writing, served on a holder of Ordinary Shares or Redeemable Ordinary Shares (a "**Conversion Notice**") direct that a specified number of Ordinary Shares (other than any CSOP Shares) or Redeemable Ordinary Shares (as the case may be) held by such Member shall, on the relevant Conversion Date specified in such notice, each convert into one Deferred Share. The Conversion Notice must be signed by at least one director appointed pursuant to Article 18 1 1 or 18 1 2 and at least one director appointed pursuant to Article 18 1 3 or 18 1 4
- 3 2 The conversion of Ordinary Shares and Redeemable Ordinary Shares into Deferred Shares as directed by a Conversion Notice shall take effect on the relevant Conversion Date without any action of the relevant Member or further action of the Company being required. Failure of the relevant holder to receive a Conversion Notice shall not prevent conversion taking effect
- 3 3 The Conversion Notice shall require that the relevant Member, immediately following receipt of such notice, deliver to the Company the certificate(s) relating to the Ordinary Shares or the Redeemable Ordinary Shares (as the case may be) of which he was, prior to conversion, a holder and the Company shall, on receipt of such certificate(s), deliver to him new certificates in respect of the Ordinary Shares or the Redeemable Ordinary Shares (as the case may be) and the Deferred Shares of which he is a holder
- 3 4 Save with the prior agreement of the Board, a member whose Ordinary Shares or Redeemable Ordinary Shares have been the subject of a Conversion Notice shall not be entitled to transfer his Shares until he has complied with the requirement to deliver his certificates relating to his Ordinary Shares or Redeemable Ordinary Shares in accordance with the Conversion Notice

### **4 DEFERRED SHARES**

- 4 1 The Deferred Shares shall enjoy the following rights and be subject to the following restrictions
- 4 1 1 a Deferred Share shall entitle its holder on a return of capital on a winding up (but not otherwise) only to repayment of the amount paid up on that share after repayment to each holder of any Ordinary or Redeemable Ordinary Share, of a sum equal to the capital paid up on that share plus £10,000,000 per share,
- 4 1 2 a Deferred Share shall not entitle its holder to receive any dividend or other distribution of the Company,
- 4 1 3 a Deferred Share shall not entitle its holder to receive notice of, or to attend and vote at, any general meeting of the Company, and
- 4 1 4 Deferred Shares shall be redeemable at the instance of the Company by payment to each holder of Deferred Shares of £0 01 for every 10,000 Deferred Shares (or part of 10,000 Deferred Shares) held by him, whereupon those Deferred Shares

shall be deemed to be redeemed and cancelled and the holder of those Deferred Shares shall tender his certificate in respect of those shares to the Company for cancellation

## **5 CALLS ON SHARES**

- 5 1 Subject to the terms of allotment, the Directors may make calls upon the Members in respect of any sums whether in respect of nominal value or premium that are unpaid on their Shares and are not payable at fixed times under the same terms of the allotment. Each Member shall, subject to receiving at least 14 clear days' notice specifying when and where payment is to be made, pay to the Company as required by the notice the amount so called on his Shares. A call may be revoked in whole or in part before receipt by the Company of any sum due thereunder and payment of a call may be postponed in whole or part as the Directors think fit.
- 5 2 The holder of a Share at the time a call is due to be paid shall be the person liable to pay the call, and in the case of joint holders they shall be jointly and severally liable.
- 5 3 If any amount payable in respect of a Share on allotment or at a fixed date, whether in respect of nominal value or premium or as an instalment of a call, is not paid, the provisions of these Articles and (in so far as applicable) Table A shall apply as if that amount had become due and payable by virtue of a call.

## **6 TRANSFER OF SHARES**

- 6 1 No transfer, disposal, charge or other dealing in any Shares shall occur other than the transfer of the whole legal and equitable title to such 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 of shares" shall be construed accordingly).
- 6 2 No Share or any interest therein shall be transferred to or otherwise become vested in any person or body save in the circumstances permitted by Articles 2 8 6, 7 and 8.
- 6 3 Save in relation to transfers effected pursuant to Article 8 1 5(i) or 8 2, no Share shall be transferred by a Non-Investor Shareholder unless the Directors shall have approved the relevant Transfer Notice. In determining whether or not to approve a transfer the Board, which shall act at its own discretion, shall have regard to the size and timing of the proposed Share transfer. The Directors shall be bound to register any transfer made in accordance with these Articles.

## **7 PRE-EMPTION ON ISSUE**

- 7 1 Apart from any Shares issued
- 7 1 1 pursuant to the exercise of the options granted by the Company pursuant to any employees' share scheme (as defined in section 743 of the Act) (including without limit the Approved Company Share Option Plan), or
- 7 1 2 to any director or employee of the Company or any subsidiary of the Company, or to any consultant to the Company or any subsidiary of the Company, or pursuant to the exercise of options granted to such director, employee or consultant on such terms as the Board may determine, provided that the board considers such issue



reasonably necessary in order to secure or retain the services of such director, employee or consultant, or

7 1 3 on or before 30 November 2008 or pursuant to warrants (or any analogous or similar instrument) to subscribe for Shares granted on or before such date, to any person for the purposes of or in connection with the raising of finance by the Company or any subsidiary of the Company on such terms as the Board may determine, provided that such Shares do not exceed 78,600 in number (excluding any which fall under paragraphs (i), (ii), (iv) and (v) of this Article 7 1), or

7 1 4 pursuant to the Warrants, or

7 1 5 to Historic Shareholders out of any Warrant Run-Off,

any Shares which the Company proposes to allot wholly for cash shall first be offered for subscription to the holders of the Shares of the Company (other than the Redeemable Ordinary Shares) in the proportion that the number of such Shares for the time being held respectively by each such holder bears to the total number of such Shares in issue (other than the Redeemable Ordinary Shares) Such offer shall be made by notice in writing specifying the number of Shares to which the holder is entitled and limiting a time (being not less than 14 days) within which the offer, if not accepted, will be deemed to be declined

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 provided, a Transfer Notice once given or deemed to be given shall not be revocable except with the consent of the Directors.
- 8 1 5 Within 3 days after receipt of the Transfer Notice, and Further Information, if any, the Board shall in writing offer the Sale Shares at the Offer Price or Prescribed Price (as the case may be).
- (i) in relation to Sale Shares the subject of a Transfer Notice delivered to the Company on or prior to the date 90 days following the adoption of these Articles (or if such date is not a Business Day, the next preceding Business Day), to the Investors other than any Investor who is the proposed transferee of such Shares (the "**Relevant Investors**") on the basis that an equal number of such Sale Shares shall be offered to each of the Relevant Investors (the "**Investor Transfer Offer**") and shall invite the Relevant Investors to state in writing within 14 days from the date of the Investor Transfer Offer ("**Investor Offer Period**") whether they are willing to purchase any of their proportionate entitlement to Sale Shares at the Offer Price or Prescribed Price (as the case may be) and, whether they are willing to purchase Sale Shares in excess of their respective entitlement and, if so, how many excess Sale Shares they desire to purchase. At the expiration of the Investor Offer Period the Board shall allocate the Sale Shares comprised in the Transfer Notice to the Relevant Investor or Relevant Investors (as the case may be) who shall have notified their willingness to purchase their entitlement as aforesaid. To the extent that Relevant Investors receiving the Investor Transfer Offer do not claim their full entitlement to the Sale Shares, the Board shall immediately allocate the unclaimed Sale Shares to satisfy the claims made in excess of such entitlements equally between any Relevant Investors claiming in excess of their respective entitlements. If any Sale Shares are not capable, without fractions, of being offered to such Relevant

Investors, in respect of excess applications, in such proportions, such fractions shall be aggregated into whole Shares and be offered to such Relevant Investors in such proportions or in such manner as may be determined by lots to be drawn under the direction of the Board, and

- (ii) in relation to Sale Shares the subject of a Transfer Notice delivered to the Company after the date 90 days following the adoption of these Articles (or if such date is not a Business Day, the next preceding Business Day), to all holders of Ordinary Shares other than the selling Shareholder(s) (the "**Non-Selling Shareholders**") in the proportion that the number of Shares held by each Non-Selling Shareholder bears to the total number of Ordinary Shares then in issue (the "**Shareholder Transfer Offer**") and shall invite the Non-Selling Shareholders to state in writing within 14 days from the date of the Shareholder Transfer Offer ("**Shareholder Offer Period**") whether they are willing to purchase any of their proportionate entitlement to Sale Shares at the Offer Price or Prescribed Price (as the case may be) and, whether they are willing to purchase Sale Shares in excess of their respective entitlement and, if so, how many excess Sale Shares they desire to purchase. At the expiration of the Shareholder Offer Period the Board shall allocate the Sale Shares comprised in the Transfer Notice to the Non-Selling Shareholders who shall have notified their willingness to purchase their entitlement as aforesaid. To the extent that Non-Selling Shareholders receiving the Shareholder Transfer Offer do not claim their full entitlement to the Sale Shares, the Board shall immediately allocate the unclaimed Sale Shares to satisfy the claims made in excess of such entitlements in the proportion in which such claims are made. If any Sale Shares are not capable, without fractions, of being offered to such Non-Selling Shareholders, in respect of excess applications, in such proportions, such fractions shall be aggregated into whole Shares and be offered to such Non-Selling Shareholders in such proportions or in such manner as may be determined by lots to be drawn under the direction of the Board,

8 1 6 The Board, within 7 days after the expiry of the Investors Offer Period or the Shareholders Offer Period (as the case may be) shall give notice in writing to the Proposing Transferor of the numbers of Sale Shares allocated and to which Relevant Investor(s) or the Non-Selling Shareholder(s) (as the case may be) (hereinafter called the "**Purchaser**" or "**Purchasers**") such Shares have been allocated. Every such notice shall state the number of Sale Shares agreed to be purchased and the Offer Price or Prescribed Price (as the case may be). If the Board shall pursuant to the foregoing provisions have allocated all the Sale Shares concerned, the Proposing Transferor shall be bound on receipt of the Offer Price or Prescribed Price (as the case may be) to transfer the Sale Shares to the respective Purchasers thereof.

8 1 7 The sale and purchase of Sale Shares shall be completed as soon as reasonably practicable at a place and time (but no later than 7 days after the Board has allocated all the Sale Shares) to be appointed by the Board when, against payment of the Offer Price or Prescribed Price (as the case may be) and any relevant stamp duties, the Purchaser(s) shall be registered as the holder(s) of the relevant Sale Shares in the register of Members of the Company and Share certificate(s) in the name(s) of the Purchaser(s) and in respect of the relevant Sale Shares shall be delivered to the Purchaser(s).

8 1 8 If in any case a Proposing Transferor, after having become bound to transfer any Sale Shares to a Purchaser, shall make default in so doing, the Board shall on behalf of such Proposing Transferor authorise some person to execute any necessary transfers in favour of the Purchaser or Purchasers and shall receive the purchase money and shall thereupon cause the name of the Purchaser(s) to be entered into the register of Members as the holder of the relevant Sale Shares and 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 of the purchase money shall be a good discharge to the Purchaser(s) who shall not be bound to see to the application thereof and after the name(s) of the Purchaser(s) has been entered in the register of Members of the Company in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.

8 1 9 If the Company shall not pursuant to the foregoing provisions of Articles 8 1 have found Investor(s) or the Non-Selling Shareholder(s) (as the case may be) willing to purchase all the Sale Shares, the Proposing Transferor shall be at liberty to transfer the balance of such Sale Shares to the Proposed Transferee at a price not being less than the Offer Price or Prescribed Price (whichever was applicable to the Investor Transfer Offer) at any time within two months after receipt of the notice referred to in Article 8 1 5 provided that the Board shall require to be satisfied, in its reasonable opinion, that

- (a) such Sale Shares are being transferred in pursuance of a bona fide sale for a consideration not less than such price without any deduction, rebate or allowance whatsoever to the purchaser, and
- (b) the Proposed Transferee is not a Competitor or connected with a Competitor of the business of the Company and/or any subsidiary of the Company provided that AAM shall not be considered a Competitor for this purpose and none of the Investment Funds shall be considered to be a Competitor or connected with a competitor

and if not so satisfied it shall refuse to register the instrument or transfer concerned

8 2 Article 8 1 shall not apply

8 2 1 to a transfer of Shares by any Member to his or her spouse or a lineal descendant (a "**Relation**"),

8 2 2 to the trustees of a settlement or trust created inter vivos by a Member under which the trustees are to hold the Shares on trusts, the terms of which must throughout the period of its ownership of such Shares ensure that the absolute beneficial entitlement in such shares can only pass to any person who is or may become a beneficiary under the terms of such settlement or trust who is also a Relation of the Relevant Member and that no power or control over the voting powers conferred by such Shares is for the time being exercisable by or subject to the consent of any person other than the trustees as trustees,

8 2 3 upon the death of a Member (whether pursuant to intestacy or the terms of his will) to a person who is a Relation of the Relevant Member or to trustees of a settlement or trust under which the trustees are to hold the Shares on trusts the

terms of which must throughout the period of its ownership of such shares ensure that the absolute beneficial entitlement in such Shares can only pass to a person who is or may become a beneficiary under the terms of such settlement or trust and who is also a Relation of the Relevant Member and that no power or control over the voting powers conferred by such Shares is for the time being exercisable by or subject to the consent of any person other than the trustees as trustees Pending the transfer of such Shares in accordance with this Article, only the legal personal representatives of the deceased Member shall be recognised by the Company as having title to the interest of the deceased Member in the said Shares,

- 8 2 4 to a transfer of Shares for the purpose only of effecting the appointment of a new trustee,
- 8 2 5 to a transfer of Shares by any Member which is a body corporate (the "**Original Corporate Member**"), to any other body corporate which is, for the time being, its subsidiary or holding company or another subsidiary of its holding company (each such body corporate being a "**Group Company**" and the transferee being the "**Corporate Permitted Transferee**") but if the Corporate Permitted Transferee ceases to be a member of the Group of the Original Corporate Member while it is a holder of Shares in the Company, it shall, within 21 days of so ceasing, transfer the Shares held by it to the Original Corporate Member or to any Group Company of the Original Corporate Member and failing such transfer, the Corporate Permitted Transferee shall be deemed to have given a Transfer Notice pursuant to Article 8, as appropriate,
- 8 2 6 to a transfer of Shares by any of Sugo AB, Klamabo Fastigheter AB, Membrain Network Capital AB or Daniel Sachs AB (each a "**Corporate Nominee Member**"), to Lisa Wallmark, Johan Berg, Matthias Miksche or Daniel Sachs respectively (such individuals each being an "**Original Individual Member**"),
- 8 2 7 to a transfer of Shares by Jonas Troedsson to Addis AB provided that Addis AB is directly or indirectly wholly owned by Jonas Troedsson and, for the purpose of this Article 8, following such transfer, Addis AB shall be a Corporate Nominee Member and Jonas Truedsson shall be the relevant Original Individual Member,
- 8 2 8 to a transfer of Shares by a Corporate Nominee Member to a body corporate which is directly or indirectly wholly owned by a Relation of the relevant Original Individual Member specified in Article 8 2 6 but if any such transferee ceases to be directly or indirectly wholly owned by a Relation of the relevant Original Individual Member while it is a holder of Shares in the Company, it shall, within 21 days of so ceasing, transfer the Shares held by it to the relevant Original Individual Member and failing such transfer, the Corporate Permitted Transferee shall be deemed to have given a Transfer Notice pursuant to Article 8, as appropriate,
- 8 2 9 on and after Listing,
- 8 2 10 when required by or otherwise contemplated in Articles 8 12 (drag along) or 8 13 (tag along),
- 8 2 11 by a holder of Shares which is an Investment Fund or by its trustee, custodian or nominee

- (i) to any trustee, nominee or custodian for such Investment Fund and vice versa,
- (ii) to any unit holder, shareholder, partner, participant, manager or adviser (or an employee of such manager or adviser) in such Investment Fund,
- (iii) to any other investment fund or its trustee, nominee or custodian, managed or advised by the same manager or adviser as any such Investment Fund, or
- (iv) to a trustee, nominee, custodian or to a member of the same Group of any of the persons referred to in sub-paragraphs (i), (ii) or (iii) of Article 8 2 8 above

any such person or entity being a "**Permitted Transferee**"

8 2 12 In the event that a Corporate Nominee Member ceases to be directly or indirectly and wholly owned by the relevant Original Individual Member specified in Article 8 2 6 while it is a holder of Shares in the Company, it shall, within 21 days of so ceasing, transfer the Shares held by it to the Original Individual Member and failing such transfer, the Corporate Nominee Member shall be deemed to have given a Transfer Notice pursuant to Article 8, as appropriate

8 3 If any Shares have, pursuant to the provisions of Article 8 2, come to be held by trustees of a settlement or trust and in the reasonable opinion of the Directors the absolute beneficial entitlement to or control of any such Shares so held has passed or is about to pass to persons other than the trustees of such settlement or trust or Permitted Transferees, the Directors may by notice in writing to the registered or last known address of the holder of the Shares concerned request that such holder transfers back such Shares to the original transferor and until such time may direct that until further notice from the Directors

8 3 1 any transfer of the relevant Shares shall be void,

8 3 2 no voting rights shall be exercisable in respect of the relevant Shares,

8 3 3 no further Shares shall be issued as of right to the Member concerned or in pursuance of any offer made to the holder of them,

8 3 4 except in a liquidation, no payment shall be made of any sums due from the Company on the relevant Shares whether in respect of capital or otherwise

8 4 The Directors may by notice in writing remove or relax any of the restrictions referred to in Article 8 3 in whole or in any particular case at any time and will in any case remove any such restrictions upon the rectification of the matters set out in that Article to their satisfaction

8 5 A Transfer Notice shall be deemed to have been given in respect of any Shares in the capital of the Company forthwith upon the occurrence of the following events

8 5 1 the Board resolving to give a Transfer Notice where a Member dies and his Shares have not been transferred as permitted by Article 8 2 3 within six months of his death, or

8 5 2 the bankruptcy or insolvency of a Member, or

8 5 3 a Relation ceasing to be a Relation by reason of divorce

In these circumstances the Offer Price shall be the Prescribed Price as defined in Article 8 6

- 8 6 The expression the "**Prescribed Price**" for the purpose of Article 8 5 shall mean in respect of each Sale Share the price per Sale Share certified by the auditors as considered by them to represent the fair value thereof as between a willing buyer and willing seller calculated as a direct proportion of the value of the Shares as a whole with no discount or premium to reflect the size of the holding or the percentage of the issued share capital of the Company represented by the Sale Shares or any restrictions on the transfer of such shares but, in the case of Redeemable Ordinary Shares, taking into account Article 8 14 Any such certification shall set out in full the reason for and basis upon which the auditors determined the price per Sale Share
- 8 7 The auditors shall also be entitled to employ and rely upon the advice of or any information obtained from any valuer, broker, banker, accountant or other expert
- 8 8 If the auditors are asked to certify the Prescribed Price as aforesaid, the Company shall, as soon as it receives the auditors' certificate, provided that the Board are satisfied that such auditors' certificate accurately represents the fair value of each Sale Share, notify the Proposing Transferor and furnish him with a copy of the certificate
- 8 9 The auditors in certifying the Prescribed Price shall at the cost and expense of the Company act as experts and not as arbitrators and their determination shall be final and binding on all persons concerned save for manifest error and for circumstances in which the Board determines to refer the certification of the Prescribed Price to an independent chartered accountant in accordance with Article 8 10
- 8 10 If the Board or the Proposing Transferor is not satisfied that the auditors' certificate referred to in Article 8 8 accurately represents the fair value of the Sale Shares, the valuation shall be submitted as soon as practicable to a financial adviser or the corporate finance division of an independent firm of chartered accountants as agreed between the Proposing Transferor and the Board or in default of agreement as nominated by the President for the time being of the Institute of Chartered Accountants in England and Wales, such firm of chartered accountants to be deemed to be an expert and whose decision as to the value of the Prescribed Price shall be final and binding on all persons save for manifest error The fees and expenses of the independent firm of chartered accountants shall be borne by such person or persons as determined by such firm
- 8 11 The Board shall not be entitled to decline to register the transfer of any Shares made pursuant to the provisions of Article 8 unless they have substantial reasons for believing that a transfer purportedly made in accordance with the provisions of Article 8 was not in fact in any material respect in accordance therewith in which event it shall decline to register such transfer For the purpose of ensuring that a transfer of Shares is in accordance with the provisions of Article 8 and duly authorised hereunder the Board may require any Member, the personal representatives of any Member, the administrator 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 Board shall think fit regarding any matter which they may deem relevant to such purpose If such information or evidence has not been furnished to the satisfaction of the Board

within a reasonable time after such request the Board may refuse to register the transfer in question

## 8 12 Drag Along

- 8 12 1 If the holder(s) of Shares carrying the right to exercise sixty per cent or more of votes capable of being cast on a poll at a general meeting of the Company (the "**Drag Along Sellers**") intend to sell their holdings of Shares (or any interest in such shares) (the Shares to be sold by the Drag Along Sellers being referred to as "**Selling Shares**") to a proposed purchaser or purchasers acting in concert (the "**Proposed Purchaser**") who has made a bona fide offer on arm's length terms for all of the issued Shares, the Drag Along Sellers shall have the right to give to the Company at least 15 days' advance written notice prior to selling the Selling Shares. That notice (the "**Selling Notice**") will include details of the Selling Shares and all of the proposed material terms of the intended sale including but not limited to the proposed price for each Selling Share to be paid by the Proposed Purchaser, details of the Proposed Purchaser and the place and the date and time of completion ("**Selling Shares Completion**") of the proposed purchase, which shall be on a date not less than 15 days after the date of receipt of the Company of the Selling Notice, and confirmation whether the Drag Along Sellers wish to exercise their rights under this Article 8 12 in relation to Redeemable Ordinary Shares
- 8 12 2 Immediately upon receipt of the Selling Notice, the Company shall give notice in writing (a "**Drag Along Notice**") to each of the Shareholders (other than the Drag Along Sellers and, where the Drag Along Sellers have confirmed in the Selling Notice that they do not wish to exercise their rights under this Article 8 12 in relation to Redeemable Ordinary Shares, the holders of Redeemable Ordinary Shares) (the "**Other Members**") giving the details contained in the Selling Notice requiring each of them to sell to the Proposed Purchaser at Selling Shares Completion all of their holdings of Shares (other than Redeemable Ordinary Shares, if the Selling Notice indicates that the Drag Along Sellers do not wish to exercise their rights under this Article 8 12 in relation to such shares) on the terms contained in the Selling Notice in each case subject to the provisions set out below
- 8 12 3 Each Member who is given a Drag Along Notice shall sell all of his Ordinary Shares referred to in the Drag Along Notice at the highest price per Selling Share to be sold to the Proposed Purchaser on Selling Shares Completion by the Drag Along Sellers and on the terms set out in the Selling Notice which shall be at least as favourable terms and conditions as the terms and conditions offered for the Selling Shares provided however that the Warranty cover to be provided by such Member shall not exceed the value of their pro rata holdings
- 8 12 4 In the event the Drag Along Sellers confirm in the Selling Notice that they are exercising their rights under this Article 8 12 in relation to Redeemable Ordinary Shares, each Member who is given a Drag Along Notice shall sell
- (a) such number (rounded down to the nearest whole number) of Redeemable Ordinary Shares as represents the percentage equivalent to one hundred minus the Relevant Percentage (calculated as if Selling Shares Completion had at that time occurred) of his Redeemable Ordinary Shares at the highest price per Selling Share to be sold to the Proposed Purchaser



on Selling Shares Completion by the Drag Along Sellers and on the terms set out in the Selling Notice which shall be at least as favourable terms as the terms offered for the Selling Shares provided however that the warranty cover to be provided by such Member shall not exceed the value of their pro rata holdings of Shares or such lesser sum as may be agreed, and

- (b) all of the remainder of his Redeemable Ordinary Shares which do not fall within (a) above at a price equal to the amount paid up on the Redeemable Ordinary Shares to be sold (including any share premium)

8 12 5 If any of the Member(s) (the "**Defaulting Member(s)**") fails to comply with any provision of this Article 8 12, the Company shall be constituted the agent of each Defaulting Member for the sale of his Shares in accordance with the Drag Along Notice (together with all rights then attached thereto) and the Board may authorise any person to execute and deliver on behalf of and as attorney for each Defaulting Member the necessary instrument(s) of transfer. The Company's receipt of the relevant purchase money shall be good discharge to the Proposed Purchaser who shall not be bound to see to the application thereof. The Company shall thereafter hold the purchase money on trust for each of the Defaulting Members and, subject to stamping, register the Proposed Purchaser as the holder of such shares. After the Proposed Purchaser has been entered in the Register of Members of the Company in purported exercise of these powers the validity of the proceedings shall not be questioned by any person. The Company shall not pay the purchase money due to the Defaulting Member(s) until such Defaulting Member shall have delivered to the Company his Share certificate(s) or a suitable indemnity. No Member shall be required to comply with a Drag Along Notice unless the Drag Along Sellers shall sell the Selling Shares to the Proposed Purchaser on Selling Shares Completion, subject at all times to the Sellers being able to withdraw the Selling Notice at any time prior to Selling Shares Completion by giving notice to the Company to that effect, whereupon each Drag Along Notice shall cease to have effect.

8 12 6 Article 8 1 shall not apply to the transfer of Selling Shares pursuant to this Article 8 12

### 8 13 Tag Along

8 13 1 If the holder(s) of Shares (the "**Tag Along Sellers**") intend to sell all or a part of their holdings of Shares (or any interest in such shares) which in aggregate amounts to not less than sixty per cent in nominal value of the aggregate of the Ordinary Shares (the Shares to be sold by the Tag Along Sellers being referred to as "**Transferring Shares**") to a proposed purchaser or purchasers acting in concert (the "**Proposed Buyer**") the Tag Along Sellers shall give to the Company at least 15 days' advance written notice prior to selling the Transferring Shares. That notice (the "**Transferring Notice**") will include details of the Transferring Shares, the material terms and conditions of the intended sale, the proposed price for each Transferring Share to be paid by the Proposed Buyer, details of the Proposed Buyer, and the place and the date and time of completion ("**Transferring Shares Completion**") of the proposed purchase, which shall be on a date not less than 15 days after the date of receipt of the Company of the Transferring Notice.

8 13 2 Immediately upon receipt of the Transferring Notice, the Company shall give notice in writing (a "**Tag Along Notice**") to each of the Shareholders (other than the Tag Along Sellers and holders of Redeemable Ordinary Shares) (the "**Tag Along Shareholders**") giving the details contained in the Transferring Notice. Within 7 days of receipt of the Tag Along Notice, each Tag Along Shareholder may notify the Tag Along Sellers that such Tag Along Shareholder desires to sell Shares (other than Redeemable Ordinary Shares) to the Proposed Buyer on the same terms and conditions or as near as possible as set out in the Tag Along Notice. Upon giving such notice to the Tag Along Sellers each such Tag Along Shareholder shall be entitled to sell to the Proposed Buyer on the same terms and conditions as set out in the Tag Along Notice its entire holding of Shares (other than Redeemable Ordinary Shares) ("**Tag Along Shares**") at Transferring Shares Completion.

8 13 3 A Tag Along Shareholder shall not be deemed to have entered into a legally binding agreement to sell any Tag Along Shares unless and until such Tag Along Shareholder shall have entered into a definitive share purchase agreement in respect of his Tag Along Shares with the Proposed Buyer, and such Tag Along Shareholder agrees that any such agreement shall have terms identical or near as possible as those entered into by the Tag Along Sellers or otherwise approved by the Tag Along Sellers. If such Tag Along Shareholder is not afforded the right to participate in the transaction contemplated by the Tag Along Notice in accordance with the provisions of this Article 8 13 the Tag Along Sellers may not consummate the transaction set out in the Transferring Notice and the directors may not register the transfer by the Tag Along Sellers.

8 13 4 Article 8 1 shall not apply to the transfer of Transferring Shares pursuant to this Article 8 13.

#### 8 14 **Conversion of Redeemable Ordinary Shares**

Any Redeemable Ordinary Shares transferred to another person in accordance with Articles 8 1, 8 2 5, 8 2 6 or 8 12 other than any Redeemable Ordinary Shares which have at any time previously been transferred pursuant to Articles 2 8 6 shall, unless the transferee of such shares otherwise elects in its discretion by notice in writing to the Company prior to the time at which the transfer is registered in the register of Members of the Company, upon such transfer convert into fully paid Ordinary Shares ranking *pari passu* in all respects and forming one class with the Ordinary Shares then in issue and entitle the holder to receive dividends and other distributions declared, made or paid on Ordinary Shares by reference to a record date on or after the conversion date.

### 9 **ALTERATION OF SHARE CAPITAL**

9 1 The Company may by ordinary resolution

9 1 1 increase its share capital by new Shares of such amount as the resolution prescribes,

9 1 2 consolidate and divide all or any of its share capital into shares of larger or smaller amounts than its existing Shares,

9 1 3 subject to the provisions of the Act, sub-divide its Shares, or any of them, into Shares of smaller amounts and the resolution may determine that, as between the Shares resulting from the sub-division, any of them may have any preference or advantages compared with the others, and

9 1 4 cancel Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled

9 2 Subject to the provisions of the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way

## **10 GENERAL MEETINGS**

10 1 All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings

10 2 The Directors may call General Meetings and, on the requisition of Members pursuant to the provisions of the Act, shall forthwith proceed to convene an Extraordinary General Meeting for a date not later than 28 days after receipt of the requisition. If there are not within the United Kingdom sufficient Directors to call a general Meeting, any Director or any Member of the Company may call a General Meeting

## **11 NOTICE OF GENERAL MEETINGS**

11 1 An Annual General Meeting and an Extraordinary General Meeting called for the passing of a special resolution shall be called by at least 21 clear days' notice. All other Extraordinary General Meetings shall be called by at least 14 clear days' notice but a General Meeting may be called by shorter notice if it is so agreed

11 1 1 in the case of an Annual General Meeting, by all the Members entitled to attend and vote thereat,

11 1 2 in the case of any other meeting by a majority in number of the Members having a right to attend and vote being a majority together holding not less than 95 per cent in nominal value of the Shares giving that right

11 2 The notice shall 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, shall specify the meeting as such

11 3 Subject to the provisions of these Articles and to any restrictions imposed on any Shares, the notice shall be given to all Members, to all persons entitled to a Share in consequence of the death or bankruptcy of a Member and to the Directors and auditors

## **12 PROCEEDINGS AT GENERAL MEETINGS**

12 1 No business shall be transacted at any meeting unless a quorum is present. The quorum shall be 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

12 2 If within half a hour after the time appointed for the meeting a quorum is not present, or if during a meeting a quorum ceases to be present, the meeting if convened upon the

requisition of Members shall be dissolved. In any other case, it shall stand adjourned to such other day and such other time and place as the Directors may determine.

- 12.3 The Chairman or, in his absence, another Director nominated by the Chairman or, failing such nomination, by a majority of the Directors present at any meeting, shall preside as chairman of the meeting, but if neither the Chairman nor such other Director (if any) be present within 15 minutes after the time appointed for holding the meeting and willing to act, the Directors present shall elect one of their number to be chairman and, if there is only one Director present and willing to act, he shall be chairman. If no Director is willing to act as chairman, or if no Director is present within 15 minutes after the time appointed for holding the meeting, the Members present and entitled to vote shall choose one of their number to be chairman.
- 12.4 A Director shall, notwithstanding that he is not a Member, be entitled to attend and speak at any General Meeting and at any separate meeting of the holders of any class of shares in the Company.
- 12.5 The chairman of the meeting may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for 14 days or more, at least 7 clear days' notice shall be given specifying the time and the place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.
- 12.6 A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on declaration of the result of the show of hands a poll is duly demanded.
- 12.7 Subject to the provisions of the Act, a poll may be demanded
- 12.7.1 by the chairman of the meeting, or
- 12.7.2 by at least one Member having the right to vote at the meeting,
- and a demand by a person as proxy for a Member shall be the same as a demand by the Member.
- 12.8 Unless a poll is duly demanded a declaration by the chairman of the meeting that a resolution has been carried unanimously, or by a particular majority, or lost, or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 12.9 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman of the meeting and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- 12.10 A poll shall be taken as the chairman of the meeting directs and he may appoint scrutineers (who need not be Members) and fix a time and place for declaring the result of the poll. The result of the poll (unless it was held at an adjourned meeting) shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 12.11 The chairman of the meeting shall not be entitled to a casting vote.

- 12 12 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman of the meeting directs not being more than 30 days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than a question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn with the consent of the chairman of the meeting, the meeting shall continue as if the demand had not been made. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least 7 clear days' notice shall be given specifying the time and place at which the poll is to be taken.
- 12 13 A resolution in writing signed by all the Members of the Company entitled to receive a notice of and to attend and vote at a General Meeting, or by their duly appointed proxies or attorneys, shall be as valid and effectual as if it had been passed at a General Meeting of the Company duly convened and held. Any such resolution may be contained in one document or in several documents in the same terms each signed by one or more of the Members or their proxies or attorneys and signature in the case of a body corporate which is a Member shall be sufficient if made by a director thereof or by its duly authorised representative.

### **13 VOTES**

- 13 1 Subject to any rights or restrictions attached to any shares, on a show of hands every Member present in person or (if a corporation) present by a representative duly authorised in accordance with the Act who is not also himself a Member entitled to vote, shall have one vote. On a poll each Member shall have one vote for each Ordinary Share of which he is the holder.
- 13 2 No Member shall be entitled to vote at any General Meeting or at any separate meeting of the holders of any class unless all calls or other sums presently payable by him in respect of shares have been paid.
- 13 3 On a poll votes may be given either personally or by proxy.
- 13 4 An instrument appointing a proxy shall be in writing executed by or on behalf of the appointor (if a corporation, under the hand of a duly authorised officer of the corporation) and shall be in such form as the Directors may determine or, failing such determination, in any usual form.
- 13 5 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors may
- 13 5 1 be deposited at the Office, or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting, not later than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote, or
- 13 5 2 in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll, or

13 5 3 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the Chairman or to the Secretary or to any Director,

and an instrument of proxy which is not deposited or delivered in the manner so permitted shall be invalid

- 13 6 In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of Members

#### **14 NUMBER OF DIRECTORS**

- 14 1 Unless otherwise determined by an amendment to these Articles the number of Directors shall not be less than two and not more than twelve

#### **15 ALTERNATE DIRECTORS**

- 15 1 Each Director shall have power by writing under his hand to nominate either another Director or any other person willing to act and approved for the purpose by a resolution of the Directors, to act as his alternate Director, and at his discretion to remove such alternate Director in writing to the Company

- 15 2 An alternative Director shall have the same entitlement as his appointor to receive notices of meetings of the Directors and to attend, vote and be counted for the purpose of a quorum at any meeting at which his appointor is not personally present, and generally in the absence of his appointor at such meeting to exercise and discharge all the functions powers and duties of his appointor

- 15 3 Save as otherwise provided in these Articles the alternate Director shall during his appointment be deemed to be a Director for the purposes of these Articles, shall not be deemed to be an agent of the appointor, shall alone be responsible to the Company for his own acts or defaults and shall be entitled to be indemnified by the Company to the same extent as if he were a Director

- 15 4 An alternate Director shall not in respect of his office of alternate Director be entitled to receive any remuneration from the Company nor to appoint another person as his alternate The appointment of an alternate Director shall ipso facto determine if his appointor ceases for any reason to be a Director or on the happening of an event which, if he were a Director, would cause him to vacate the office of Director, or if by written notice to the Company he shall resign such appointment

#### **16 POWERS OF DIRECTORS**

- 16 1 Subject to the provisions of the Act, the Memorandum of Association of the Company and the Articles, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given

- 16 2 The Directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers
- 16 3 The Directors may establish and maintain, or procure the establishment and maintenance of, any pension or superannuation funds (whether contributory or otherwise) for the benefit of, and give or procure the giving, of donations, gratuities, pensions, allowances and emoluments to any persons (including Directors and other officers) who are or were at any time in the employment or service of the Company, or of any company which is or was a subsidiary of the Company or allied to or associated with the Company or any such subsidiary, or of any of the predecessors in business of the Company or of any such other company as aforesaid, and the spouses, widows, widowers, families and dependants of any such persons, and make payments to, for or towards the insurance of or provide benefits otherwise for any such persons as aforesaid

## **17 DELEGATION OF DIRECTORS POWERS**

The Directors may delegate any of their powers to any committee consisting of one or more Directors. They may also delegate to any Managing Director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the Directors may impose and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the Articles regulating the proceedings of Directors so far as they are capable of applying.

## **18 APPOINTMENT AND REMOVAL OF DIRECTORS**

- 18 1 Subject to any maximum number of Directors as set out in the Articles

18 1 1 for so long as any of AAM and/or any Permitted Transferee of AAM shall hold Shares representing not less than 20 per cent of the aggregate voting rights attaching to the issued share capital of the Company, AAM shall have the right from time to time to appoint two Directors and to remove such Directors and (subject to removal) to appoint another person in his place,

18 1 2 for so long as any of AAM and/or any Permitted Transferee of AAM shall hold Shares representing not less than 20 per cent but more than 5 per cent of the aggregate voting rights attaching to the issued shares capital of the Company, AAM shall have the right from time to time to appoint one Director and to remove such Director and (subject to removal) to appoint another person in his place,

18 1 3 for so long as any of Benchmark, Index or Cazenove and/or any Permitted Transferee of Benchmark, Index or Cazenove holds Shares representing not less than 20 per cent of the aggregate voting rights attaching to the issued share capital of the Company, Cazenove, Benchmark and Index shall between them have the right to appoint two Directors and to remove such Directors and (subject to removal) to appoint another person in his place,

18 1 4 for so long as any of Benchmark, Index or Cazenove and/or any Permitted Transferee of Benchmark, Index or Cazenove holds Shares representing less than 20 per cent but more than 5 per cent of the aggregate voting rights attaching to the issued share capital of the Company, Benchmark, Index and Cazenove shall

between them have the right to appoint one Director and remove such Director and (subject to removal) to appoint another person in his place

- 18 2 Any Director appointed pursuant to Article 18 1 is hereafter referred to as a "**Investor Director**"
- 18 3 Any appointment or removal of an Investor Director pursuant to this Article shall be by notice in writing served on the Company at its registered office and signed by or on behalf of the relevant shareholder(s) and shall take effect on delivery of such notice at the registered office In the case of a corporation such notice may be signed on its behalf by an authorised representative
- 18 4 If the appointment of any Investor Director would cause the maximum number of Directors prescribed by these Articles to be exceeded the Member proposing to appoint such Director shall have power (exercisable by notice in writing to the Company, specifying the Director to be so removed) to remove from office one Director (other than an Investor Director) (howsoever appointed) in order to permit the appointment of such Director The removal of such Director shall be automatic upon receipt by the Company of such notice Any Directors so removed shall be entitled to receive a copy of such notice from the Company forthwith
- 18 5 Subject to this Article 18, the Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors
- 18 6 No person shall be disqualified from being or becoming a Director of the Company by reason of his attaining or having attained the age of seventy years or any other age Directors who do not have contracts of service with the Company shall be entitled to such fees as shall be determined by the Board from time to time Provided that no such Director shall vote or be counted in the quorum when his fees are being determined
- 18 7 Any Director who, by request, goes or resides abroad for any purposes of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether, by way of salary, commission, participating in profits or otherwise) as the Board may determine The Directors shall not be required to hold qualification Shares

## **19 DISQUALIFICATION AND RETIREMENT OF DIRECTORS**

- 19 1 The office of a Director shall be vacated in any of the following events namely
- 19 1 1 if he resigns his office by notice in writing to the Company,
- 19 1 2 if he becomes bankrupt or makes any arrangement or composition with his creditors generally,
- 19 1 3 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 bonus or other person to exercise powers with respect to his property or affairs,
- 19 1 4 if he ceases to be a Director by virtue of any provision of the Act or the Articles or he becomes prohibited by law from being a Director,
- 19 1 5 if he is absent from meetings of the Board for six successive months without leave, unless prevented by illness, unavoidable accident or other cause which may seem to the other members of the Board to be sufficient, and his alternate Director (if any) shall not during such period have attended in his stead, and the Directors resolve that his office be vacated,
- 19 1 6 if, not being an Investor Director, he is removed from office by a notice in writing addressed to him at his last known address and signed by a majority of his Co-Directors,
- 19 1 7 if he is removed from office pursuant to Article 18 1 or 18 2

## **20 DIRECTORS' APPOINTMENTS AND INTERESTS**

- 20 1 The Directors may from time to time appoint one or more of their number to be Chief Executive Officer or to hold such other office in the management, administration or conduct of the business of the Company for such period (subject to Section 319 of the Act) and on such terms as they think fit, and, notwithstanding but without prejudice to the terms of any agreement entered into in any particular case, may revoke such appointment. Subject to the terms of any such agreement, a Chief Executive Officer or a Director appointed to any other office as aforesaid shall be subject to the same provisions as to resignation and removal as the other Directors of the Company and shall ipso facto and immediately cease to be Chief Executive Officer or to hold such other office in the management, administration or conduct of the business of the Company if he ceases to hold the office of Director from any cause but without prejudice to any claim for damages for breach of the contract of service between the Director and the Company
- 20 2 The remuneration of a Chief Executive Officer or any Director who may be appointed to any other executive office in the management, administration or conduct of the business of the Company shall from time to time (subject to the provisions of any agreement between him and the Company) be fixed by the Directors, and may be by way of fixed salary, or commission on the dividends, profits, sales or turnover of the Company, or of any other company in which the Company is interested, or other participation in any such profits, or by way of or provision for a pension or pensions for himself or his dependants, or by all or any of these modes, and (subject as aforesaid) the remuneration so fixed shall be additional to any ordinary remuneration to which he may be entitled as a Director of the Company
- 20 3 Subject to the provisions of the Act, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a Director or other officer of or employed by or a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested

20 4 For the purposes of Article 20 3 -

20 4 1 a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified, and

20 4 2 an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his

## **21 PROCEEDINGS OF DIRECTORS**

21 1 Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit including the holding of meetings where the Directors are communicating by telephone A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors Questions arising at a meeting shall be decided by a majority of votes A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote

21 2 Subject to Article 21 3 notice of every meeting of the Directors shall be given to every Director and to his alternate (if any) but the non-receipt of notice by any Director or alternate Director shall not invalidate the proceedings of the Directors Unless all the Directors indicate their willingness to accept shorter notice of a meeting of Directors at least 14 days' notice save in the case of emergency shall be given of the time, place and purpose of the meeting Every notice of a meeting of the Directors required to be given under these Articles may be given orally (personally or by telephone) served personally or sent by prepaid letter post, or fax to the address for the time being supplied for the purpose to the Secretary

21 3 Any Director resident outside or for the time being absent from the United Kingdom shall if he so requests be entitled to be given reasonable notice of meetings of the Directors to such address if any (whether inside or outside the United Kingdom) as the Director may from time to time notify to the Company

21 4 The quorum necessary for the transaction of the business of the Directors shall be three persons in person or represented by an alternate Director of which at least one shall be an Investor Director appointed pursuant to Article 18 1 1 or 18 1 2 (as the case may be) and at least one should be an Investor Director appointed pursuant to Article 18 1 3 or 18 1 4 (as the case may be) An alternate Director may, if his appointor is not present, be counted towards the quorum In the event that there are less than two Investor Directors appointed the requirement for Investor Directors to count towards the quorum shall be reduced to such lesser number of Investor Directors as shall at the time have been nominated and not removed If within half an hour after the time appointed for the meeting a quorum is not present the meeting shall stand adjourned for seven days at the same time and place and notice of the adjourned meeting shall be given to all Directors On the resumption of the adjourned meeting the quorum for the adjourned meeting shall be three Directors in person or represented by an alternate Director

21 5 The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number, but, if the number of Directors is less than the number fixed as the quorum, they or he may act only for the purpose of filling vacancies or of calling a general meeting

- 21 6 The chairman of a meeting of Directors shall be the Chairman or, in his absence his alternate. In the case of an equality of votes, the Chairman shall not have a second or casting vote
- 21 7 A meeting of Directors may, subject to notice thereof having been given in accordance with these Articles, be for all purposes deemed to be held when a Director is or Directors are in communication by telephone or audio visual communications media with another Director or other Directors and the said Directors agree to treat the meeting as so provided always that the number of the said Directors participating in such communication constitutes a quorum of the Board hereunder. A resolution made by a majority of the said Directors in pursuance of this Article shall be as valid as it would have been if made by them at an actual meeting duly convened and held
- 21 8 All acts done by a meeting of Directors, or of a committee of Directors, or by a person acting as a Director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote
- 21 9 A resolution in writing signed or approved by letter or facsimile by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid and effectual as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors duly convened and held and may consist of several documents in the same terms each signed by one or more Directors, but 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
- 21 10 A Director who is in any way either directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with Section 317 of the Act. Subject to such disclosure, a Director shall be entitled at the discretion of the other members of the Board to vote in respect of any contract or arrangement in which he is interested and if he shall be so entitled his vote shall be counted and he may be taken into account in ascertaining whether a quorum is present
- 21 11 A Director shall not be counted in the quorum present at a meeting in relation to a Resolution on which he is not entitled to vote
- 21 12 The Company may by special resolution suspend or relax to any extent either generally or in respect of any particular matter, any provision of the Articles prohibiting a Director from voting at a meeting of Directors or of a committee of Directors
- 21 13 When proposals are under consideration concerning the appointment of two or more Directors to offices or employments with the Company or with any body corporate in the Company is interested, the proposals may be decided and considered in relation to each Director separately and (provided he is not for another reason excluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment
- 21 14 If a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to vote the question may, before the conclusion of the meeting, be referred

to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive. In the case of the chairman of the meeting, the other members of the meeting may so rule unanimously.

## **22 DIVIDENDS**

22.1 The following sentence shall be added to the end of Regulation 104 of Table A -

"The person entitled to any dividend shall be the holder (as defined in Table A) of the Share upon such date as may be determined by the resolution declaring the dividend (or in the case of any interim dividend, determined by the Directors) in respect of that Share."

## **23 NOTICES**

23.1 A notice may be given by the Company to any Member either personally or by sending it by prepaid post, facsimile or Electronic Communication to his registered address within the United Kingdom or to any other address supplied by him to the Company for the giving of notice to him including, where applicable, his Electronic Communication address, but in the absence of any such address the Member shall not be entitled to receive from the Company notice of any meeting. A properly addressed and pre-paid notice sent by post shall be deemed to have been given, in the case of a meeting, 48 hours after the notice is posted and, in the case of notice of any other matter, at the time at which the notice would be delivered in the ordinary course of post. A Member giving to the Company an address outside the United Kingdom shall be entitled to receive all notices by air mail or (if the Member has provided an Electronic Communications address) Electronic Communication (at the Company's option). A properly addressed and pre-paid notice by air mail shall be deemed to have been given at the expiry of six days from the date of posting.

23.2 A notice given by facsimile or Electronic Communication shall be deemed to have been given at the expiry of 24 hours after it is delivered by the Company to the relevant transmitting authority.

23.3 In the case of joint holders of a Share, all notices shall be given to the joint holder whose name stands first in the Register of Members in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.

23.4 Except as otherwise provided herein, all notices to be given pursuant to these Articles shall be in writing other than a notice calling a meeting of the Directors.

## **24 INDEMNITY**

24.1 Subject to the provisions of, and so far as is permitted by and consistent with the Act, every Director, Secretary or other officer of the Company shall be indemnified out of the assets of the Company against (a) any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or any associated company (as defined in Section 309A(6) of the Act) (an "**Associated Company**") other than (i) any liability to the Company or any Associated Company and (ii) any liability of the kind referred to in Section 309B(3) or (4) of the Act, and (b) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his

powers and/or otherwise in relation to or in connection with his duties, powers or office Where a Director, Secretary or other officer of the Company is indemnified against any liability in accordance with this Article 24 1, such indemnity shall extend to all costs, charges, losses, expenses and liabilities incurred by him in relation thereto

- 24 2 To the extent permitted by the law the Directors may arrange insurance cover at the cost of the Company in respect of any liability, loss or expenditure incurred by any Director, or other officer or Auditor of the Company in relation to anything done or omitted to be done or alleged to have been done or omitted to be done as a Director, officer or Auditor
- 24 3 Subject to the provisions of, and so far as is permitted by and consistent with the Act, the Company (i) shall provide a Director, Secretary or other officer of the Company with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings or in connection with any application under the provisions mentioned in Section 337A(2) of the Act and (ii) shall do anything to enable a Director, Secretary or other officer of the Company to avoid incurring such expenditure, but so that the terms set out in Section 337A(4) to (6) of the Act shall apply to any such provision of funds or other things done