

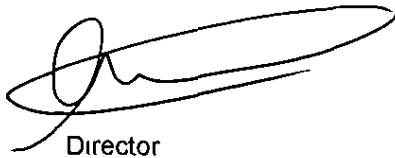
Company No. 4484736

THE COMPANIES ACTS 1985 AND 1989
COMPANY LIMITED BY SHARES
WRITTEN RESOLUTIONS
OF
PALGRAVE BROWN (HOLDINGS) LIMITED

On 7 September 2007, the following Resolutions were passed as Written Resolutions of the Company pursuant to section 381A of the Companies Act 1985

THAT

- 1 the articles of association in the form attached to the resolution be and are hereby approved and adopted as the articles of association of the Company in substitution for and to the exclusion of all other articles of association, and
- 2 the terms of and the transactions contemplated by the Finance Documents, as defined in the facility agreement made between the Company and Barclays Bank PLC (**Lender**) on or about the date of the resolution (**Facility Agreement**) to which it is a party be and are hereby approved



Director



Company No. 4484736



The Companies Act 1985
and
The Companies Act 1989
Private Company Limited by Shares

ARTICLES OF ASSOCIATION

of

PALGRAVE BROWN (HOLDINGS) LIMITED

(adopted by a Special Resolution passed on ~~August~~ 2007)

7 September

ADDLESHAW GODDARD

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Company No 4484736

The Companies Act 1985

and

The Companies Act 1989

Private Company Limited by Shares

ARTICLES OF ASSOCIATION

of

PALGRAVE BROWN (HOLDINGS) LIMITED

(adopted by a Special Resolution passed on 7 ^{September} ~~August~~ 2007)

1 Definitions and interpretation

1.1 In these Articles, unless the context otherwise requires

Act means the Companies Act 1985 as amended re-enacted or replaced from time to time

acting in concert has the meaning ascribed to it by the City Code on Takeovers and Mergers as in force and construed on the date of adoption of these Articles

Acquisition Agreement means the agreement dated the Investment Date between Murray VCT PLC and others (1) R M Fawcett and others (2) and the Company (3) whereby the Company agreed to acquire the entire issued share capital of Target

Auditors means the auditors for the time being of the Company

Banking Facilities means the loan and working capital facilities to be provided by Barclays Bank plc in connection with the acquisition by the Company of Target and for working capital

business day means any day except Saturday, Sunday, Christmas Day or any bank holiday in England

Change of Control means the acquisition whether by purchase, transfer, renunciation or otherwise but excluding a transfer of Shares made in accordance with Article 9 (other than

Article 9 5(a)) by any person not an original party to the Investment Agreement (**a Third Party Purchaser**) of any interest in any Shares if, upon completion of that acquisition, the Third Party Purchaser, together with persons acting in concert or connected with him (excluding any person who was an original party to the Investment Agreement), would hold more than 50 per cent in nominal value of any class of Equity Shares

C Shares means the C Ordinary Shares of 10p each of the Company having the rights set out for that class in these Articles,

connected with has the meaning ascribed to it in section 839 Income and Corporation Taxes Act 1988 save that there shall be deemed to be control for that purpose whenever either section 416 or section 840 of that act would so require

Deemed Transfer Notice has the meaning ascribed to it in Article 11 2

Equity Shares means Ordinary Shares and Preferred Ordinary Shares

Exit Event means the earlier to occur of

- (a) the date and time at which an agreement referred to in the definition of "Sale" is completed and
- (b) the date and time at which a Listing takes place

Good Leaver refers to a Relevant Member who ceases to be a director or employee (other than a person who has been declared bankrupt) as a result prior to the third anniversary of the Investment Date of

- (i) death, illness (including mental illness), permanent disability, permanent incapacity through ill health
- (ii) dismissal from employment by a Group Company in circumstances where such dismissal is wrongful
- (iii) the Relevant Member being dismissed by the relevant Group Company on notice (but not summarily) in accordance with the notice provisions in his terms of employment,

but so that a Relevant Member who ceases to be a director or employee (other than a person who has been declared bankrupt) on or after the third anniversary of the Investment Date (in whatever circumstances) shall always be a Good Leaver and the Investor Majority may in its absolute discretion and without assigning any reason therefore at any time within 30 days prior to or 60 days after a Relevant Member shall cease to be a director or employee give notice to the Company that such person shall be deemed for all purposes to be a Good Leaver notwithstanding the date or circumstances of such cessation

Group means the Company and all its subsidiaries and subsidiary undertakings for the time being and **member of the Group** shall be construed accordingly

Investment Date means the date of adoption of these Articles

Investor means the holder of Preferred Ordinary Shares

Investment Agreement means the Agreement relating to the Company dated the same date as the adoption of these Articles and made between (1) the Company, (2) Keith Rutherford

and others and (3) Aberdeen Murray Johnstone Private Equity Fund A and others, as amended, waived, restated, modified or supplemented for the time being

Investor Director has the meaning ascribed to it in Article 18

Investor Majority means the holder(s) of over 50% of the Preferred Ordinary Shares for the time being in issue

Issue Price means the amount paid up or credited as paid up (including any premium on issue) on the shares concerned and in respect of the Ordinary Shares issued by way of consideration under the Acquisition Agreement shall mean an amount credited as paid per share of £1 (including premium)

Listing means either

- (a) the admission by UKLA of all or any of the issued equity share capital of the Company to its Official List, and such admission becoming effective or
- (b) the granting of permission by the London Stock Exchange for the introduction of all or any of the issued equity share capital of the Company to the Alternative Investment Market, and such permission becoming effective or
- (c) any equivalent admission to, or permission to deal or trade on, any other Recognised Investment Exchange becoming unconditionally effective in relation to all or any of the issued equity share capital of the Company

Loan Stock means the Palgrave Brown (Holdings) Limited Unsecured Loan Stock 2009 (as amended from time to time)

London Stock Exchange means London Stock Exchange plc

Member means any registered holder of a Share for the time being

Ordinary Majority means the holder(s) of over 50% of the Ordinary Shares for the time being in issue

Ordinary Shares means the Ordinary Shares of 10p each of the Company having the rights set out for that class in these Articles

Participating Dividend means the dividend payable on the Preferred Ordinary Shares and the Ordinary Shares under Article 3 2(a), including any arrears and accruals and deficiencies thereof and interest thereon

Preferred Ordinary Shares means the Preferred Ordinary Shares of 10p each of the Company having the rights set out for that class in these Articles

Relevant Profits means the retained profit for each financial year as shown in the audited consolidated profit and loss account of the Company for the relevant financial year

- (a) before provision for the transfer of any sum to reserve or writing off goodwill or any other intangible item
- (b) after adding back any amount payable to any director or other senior executive by reference to the profits of the Group or of any member of the Group other than dividends or other distributions taken into account at paragraph (a) of this definition

- (c) after deducting the redemption premium payable to holders of the Loan Stock pursuant to the terms of the Loan Stock (whether or not such redemption premium has actually become payable)
- (d) which, for the avoidance of doubt, excludes any unrealisable profits and losses and excludes any movements (upwards or downwards) of any deficit or other liabilities of the defined benefit pension schemes operated by any member of the Group

Recognised Investment Exchange has the meaning ascribed thereto in section 285(1)(a) of the Financial Services and Markets Act 2000

Sale means the making of one or more agreements (whether conditional or not) for the disposal, transfer, purchase, subscription or renunciation of any part of the share capital of the Company giving rise to a Change in Control and for the purposes of this definition "disposal" shall mean a sale, transfer, assignment or other disposition whereby a person ceases to be the absolute beneficial owner of the share in question or voting rights attached thereto or an agreement to enter into such disposal or the grant of a right to compel entry into such an agreement

Shares means the Ordinary Shares, the Preferred Ordinary Shares and the 'C' Shares and **Share** means any one share of any class

Table A means Table A in the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985

Target means Palgrave Brown (UK) Limited, registered in England and Wales number 3561213

Third Party Purchaser has the meaning ascribed to it in the definition of "Change of Control" and where the relevant acquisition was effected by the renunciation of a renounceable letter of allotment, shall include the relevant renounee

UKLA means the United Kingdom Listing Authority or any other competent authority for the time being for the purposes of Part VI of the Financial Services and Markets Act 2000

Valuers means the Auditors unless (A) the Auditors give notice to the Company that they decline an instruction to report on Market Value or, (B) if the report on Market Value is to be made pursuant to a Deemed Transfer Notice and, within 21 days after the date of the Deemed Transfer Notice, the Vendor notifies the Board in writing that he objects to the Auditors making the report when (in either such case) the Valuers shall be a firm of chartered accountants agreed between the Vendor (as defined in Article 10) and the Board or, in default of agreement within 20 business days after the first name being proposed by one of them, appointed by the President of the Institute of Chartered Accountants in England and Wales on the application of the Vendor or the Board

- 1 2 These Articles and the regulations of Table A (subject to any modifications set out in these Articles) shall constitute the articles of association of the Company
- 1 3 References in these Articles to regulations are to regulations in Table A
- 1 4 In these Articles, words importing a gender include every gender and references to persons shall include bodies corporate, unincorporated associations and partnerships
- 1 5 Words and expressions defined in or for the purposes of the Act or Table A shall, unless the context otherwise requires, have the same meaning in these Articles

- 1 6 The headings in these Articles shall not affect their construction or interpretation
- 1 7 The Contracts (Rights of Third Parties) Act 1999 shall not apply to any rights under these Articles
- 2 Authorised Share Capital**
- 2 1 The authorised share capital of the Company at the date of the adoption of these Articles is £154,900 divided into 607,400 Ordinary Shares, 741,600 Preferred Ordinary Shares, and 200,000 C Shares
- 3 Rights attached to the Shares**
- 3 1 Save as specified in these Articles, the Preferred Ordinary Shares and the Ordinary Shares shall rank *pari passu* in all respects
- 3 2 Dividends**
- (a) The Company shall pay to each of the Members holding Ordinary Shares and Preferred Ordinary Shares (in priority to the dividends on any other class of Share) as a class a cumulative net cash dividend of an aggregate sum (if any) which is equal to 10% of Relevant Profits for the relevant financial year (**Participating Dividend**)
 - (b) The Participating Dividend shall be deemed to accrue from day to day
 - (c) Subject to the Act, each Participating Dividend shall be paid 4 months after the end of the relevant financial year of the Company or 14 days after the date on which the auditors sign their report on the audited accounts of the Company for the relevant financial year whichever is earlier
 - (d) For so long as there are Preferred Ordinary Shares and Ordinary Shares in issue, the Company shall prepare a statement of the Relevant Profits for each financial year of the Company within 3 months of the end of the relevant financial year
 - (e) Unless the Company is prohibited from paying dividends by the Act, the Participating Dividend shall (notwithstanding regulations 102 to 108 inclusive or any other provision of these Articles and in particular notwithstanding that there has not been a recommendation of the Board or resolution of the Company in general meeting) be paid immediately on the due date and if not then paid shall be a debt due by the Company and be payable in priority to any later dividend on the Preferred Ordinary Shares and the Ordinary Shares
 - (f) If the Company fails to pay the Participating Dividend on the due date(s) (irrespective of whether such payment is prohibited by the Act) such dividend shall be increased from that date until actual payment at the rate of two per cent per annum above the base rate of Barclays Bank PLC, compounded on 1 April and 1 October in each year on the amount unpaid
 - (g) Where the Company is prohibited by the Act from paying in full any dividend on the Preferred Ordinary Shares and the Ordinary Shares on any date specified in Article 3 2, then in respect of any dividend on the Preferred Ordinary Shares and the Ordinary Shares which would otherwise require to be paid pursuant to these Articles on that date

- (i) the Company shall pay, on that date, to the holders of the Preferred Ordinary Shares and the Ordinary Shares on account of the dividend the maximum sum (if any) which can then, consistently with the Act, be paid by the Company, and
- (ii) as soon as the Company is no longer prohibited from doing so, the Company shall in respect of the Preferred Ordinary Shares and the Ordinary Shares pay on account of the balance of the dividend for the time being remaining outstanding, and until all arrears, accruals and deficiencies of the dividend have been paid in full, the maximum amount of dividend which can, consistently with the Act, properly be paid by the Company at that time, and
- (iii) the Directors shall each month review the position to see if any payment under Article 3 2(g)(ii) may be made
- (h) C Shares shall not entitle the holders thereof to any dividend or other share in the income or profits of the Company

3 3 Capital

On a return of capital whether on liquidation or capital reduction or otherwise (other than a redemption or purchase of shares made in accordance with these Articles) the surplus assets of the Company remaining after the payment of its liabilities shall be applied as if they were the proceeds of a Sale under Article 4

3 4 Voting

- (a) Subject to Article 3 4(b) and to Article 11 3 the holder of a Preferred Ordinary Share or of an Ordinary Share shall be entitled to receive notice of and to attend and speak at any general meetings of the Company and such holder who (being an individual) is present in person or by proxy or (being a body corporate) is present by duly authorised representative or by proxy shall, on a show of hands, have one vote, and, on a poll, have one vote for each Preferred Ordinary Share or, as the case may be, Ordinary Share held by him
- (b) The holders of the Preferred Ordinary Shares shall be entitled (if their voting rights would thereby be enhanced over those conferred by Article 3 4(a)) by notice in writing to the Company to exercise on a poll one vote per share plus as a class three times the total number of votes attached to all shares of any other class in issue on any resolution at any general meeting of the Company if
 - (i) any amount payable by any member of the Group under any banking facilities (from time to time) has become payable in advance of its stated payment date because of an event of default thereunder (however caused whether or not demand has been made therefor), or
 - (ii) there has occurred any breach by the Company or any of the members of Directors of the Company (excluding any Investor Director) of any of the provisions of these Articles (including the provisions of Table A incorporated in these Articles) or of the Investment Agreement or of the Loan Stock (not falling within Article 3 4(b)(iv) or 3 4(b)(v)) which has not been remedied to the reasonable satisfaction of an Investor Majority within 7 days of a notice from any Investor to the Company requesting such remedy, or

- (iii) any dividend on the Preferred Ordinary Shares and the Ordinary Shares is at least 7 days in arrear (whether or not the Company is legally able to pay the same), or
 - (iv) any interest payable to the holders of the Loan Stock has not been paid in full within 7 days of the date on which it is expressed to be due under the terms of the Loan Stock (ignoring for this purpose any provision of the Inter-Creditor Agreement), or
 - (v) the Company has failed to repay any of the Loan Stock (including any redemption premium) within 7 days after the date on which it is expressed to be due under the terms of the Loan Stock (ignoring for this purpose any provision of the Inter-Creditor Agreement), or
- (c) The enhanced voting rights attached to the Preferred Ordinary Shares pursuant to Article 3 4(b) shall be exercisable at any time after any of the events referred to in Article 3 4(b) shall have occurred (subject to the notice referred to in Article 3 4(b) having been served) and such rights shall continue only until the payment of all such amounts then overdue or until such other breach is waived or otherwise remedied to the reasonable satisfaction, confirmed in writing, of an Investor Majority whereupon the voting rights attached to the Preferred Ordinary Shares shall be as provided for in Article 3 4(a)
- (d) The 'C' Shares shall not entitle their holders to receive notice of or to attend and vote at any general meeting of the Company

3 5 As regard redemption

None of the Shares is liable to be redeemed

4 Provision on Sale and Ratchet

- 4 1 On a Sale or Listing the provisions of this Article 4 shall apply to determine the allocation of the proceeds of such Sale or Listing
- 4 2 In this Article 4

Institutional Investors' Cash Flow means the following receipts in respect of the Investment (but without counting any amount received more than once)

- (i) dividends and other distributions or interest paid by the Company in respect of any part of the Investment (including any associated tax credit but excluding for these purposes any amount paid in respect of late payment and any associated tax credit on such late payment),
- (ii) cash paid by the Company in respect of any redemption or repayment of any part of the Investment (including any amount in respect of any premium element of the Investment or premium redemption or repayment on the Investment but excluding for these purposes any amount paid in respect of late repayment) or any amount received by the Investors on a sale of Loan Stock at the time of or in connection with a Sale,
- (iii) the Investors' Proportion,

and so that references to amounts paid and the date of payment shall be the actual payment and date of actual payment (or the closest estimate thereof),

Investors' IRR means the internal rate of return (expressed as an annual percentage) actually achieved on payments made in respect of the Investment by reference to the Institutional Investors' Cash Flow up to and including the Realisation Date, such rate being calculated in accordance with generally accepted venture capital industry practice and agreed between an Investor Majority and an Ordinary Majority or, in default of agreement, as conclusively reported as such by the Auditors (acting as experts and not arbitrators and whose report shall be final and binding on the Company and all its Members) The report of the Auditors shall be addressed to (and obtained at the cost, pro rata to their holdings immediately prior to the Realisation Date, of) the holders of the Preferred Ordinary Shares and the Ordinary Shares,

Investors' Proportion means that amount of the Realisation Value as is attributable to the Preferred Ordinary Shares comprising a part of the Investment,

Investment means

- (a) £742,000 (total issue price) of Preferred Ordinary Shares to be issued to the Investors under the Investment Agreement,
- (b) £6,674,000 (total issue price) of Loan Stock issued to the Investors under the Investment Agreement,

Listing Shares means the issued equity share capital of the Company (excluding any equity share capital to be subscribed and issued on such Listing other than new shares to be paid up by way of capitalisation of reserves or arising from any sub-division, consolidation or conversion of shares),

Realisation means a Sale or Listing,

Realisation Date means

- (i) in respect of a Listing, the date on which dealings are permitted to commence,
- (ii) in respect of a Sale, the date of receipt from the purchaser or purchasers of the consideration first payable on completion of the Sale,

Realisation Value means the value of the issued Preferred Ordinary Shares, Ordinary Shares and 'C' Shares of the Company (which shall include shares deriving therefrom since their date of issue, including shares deriving therefrom following any capital reorganisation effected prior to the Realisation) calculated as follows and on the basis that the relevant Realisation has been effected in accordance with its terms

- (a) in the event of a Listing, the market value of the Listing Shares determined by reference to the price per share at which such shares are to be offered for sale, placed or otherwise marketed pursuant to the arrangements relating to the Listing, all as determined by the merchant bank or, if none, the broker appointed by the Board to advise in connection with the Listing,
- (b) in the event of a Sale
 - (i) if the Preferred Ordinary Shares, Ordinary Shares and 'C' Shares of the Company are to be sold by private treaty (as distinct from a public offer) and

the consideration is a fixed cash sum payable in full on completion of the Sale, the total amount of such cash sum,

- (ii) if a written offer has been made for a cash consideration or, if the Sale is pursuant to any other public cash offer or public offer accompanied by a cash alternative, the total cash consideration or cash alternative price for all the shares of the Company for which the offer is made,
- (iii) if the Sale is by private treaty or public offer and the consideration is the issue of securities (not accompanied by a cash alternative)
 - (A) if the securities will rank *pari passu* with a class of securities already admitted to trading on a Recognised Investment Exchange (in the case of a sale by private treaty) the value attributed to such consideration in the related sale agreement setting out the terms of such sale or, (in the case of a Sale following a public offer or failing any such attribution in the sale agreement) by reference to the value of such consideration determined by reference to the average middle market quotation of such securities over the period of 5 business days ending 3 days prior to the day on which the Sale is completed, or
 - (B) if the securities are not of such a class, the value of the relevant consideration as agreed between an Investor Majority and an Ordinary Majority or, in the absence of such agreement prior to the Realisation, such value as is reported on by the Auditors, in a report obtained for the purpose and addressed to (and at the cost, *pro rata* to their holdings immediately prior to the Realisation, of) the holders of the Preferred Ordinary Shares and the Ordinary Shares,
- (iv) to the extent that the Sale includes an element of deferred consideration, its value shall be the present value of such deferred consideration determined by the Auditors, in a report obtained for the purpose and addressed to (and at the cost, *pro rata* to their holdings immediately prior to the Realisation, of) the holders of the Preferred Ordinary Shares and Ordinary Shares, and
- (v) if and to the extent that (i) to (iv) above are not applicable, the value of the relevant consideration as agreed between an Investor Majority and an Ordinary Majority or, in the absence of such agreement prior to the Realisation, such value as is reported on by the Auditors, in a report obtained for the purpose and addressed to (and at the cost, *pro rata* to their holdings immediately prior to the Realisation, of) the holders of the Preferred Ordinary Shares and Ordinary Shares,

Relevant Proportion means in relation to a holder of C Shares, the proportion their holding of C Shares bears to the total issued number of C Shares,

Relevant Return means the higher of the Required Cash Return and the Required Realisation Value,

Required Cash Return means the aggregate Institutional Investors' Cash Flow which is equal to 2.5 x the Investment,

Required Realisation Value means, in respect of a given Realisation, the Realisation Value which would result in an Investors' IRR of 35%

- 4.3 On a Sale, the Members selling Shares shall (unless otherwise agreed by an Investor Majority and an Ordinary Majority) pay the proceeds thereof into a joint account at a UK clearing bank nominated by the Investor Majority immediately prior to the Sale and such proceeds shall be allocated and paid out as follows

- (a) first in paying to the relevant members holding Preferred Ordinary Shares an amount equal to their Issue Price and all dividends accrued or in arrears to the date of sale including a pro rata amount of the Participating Dividend from the date of the commencement of the then current financial year of the Company down to and including the date of return of capital, whether declared or earned and payable under these Articles or not. That pro rata amount shall be calculated on the basis set out in Article 3 save that "Relevant Profits" for this purpose shall be

Adjusted Relevant Profits multiplied by Proportion of Financial Year where

Adjusted Relevant Profits means the net profit of the Group, calculated on the same basis as "Relevant Profits", by reference to the latest available unaudited consolidated management accounts of the Company for the period from the start of the then current financial year to the latest practicable date prior to the date of return of capital, and

Proportion of Financial Year means the number of days from the date of the start of the then current financial year down to and including the date of return of capital divided by the number of days in the period to which such management accounts relate,

- (b) next in paying to the members holding Ordinary Shares and/or C Shares an amount equal to their Issue Price and all dividends accrued or in arrears to the date of sale including a pro rata amount of the Participating Dividend from the date of the commencement of the then current financial year of the Company down to and including the date of return of capital, whether declared or earned and payable under these Articles or not. That pro rata amount shall be calculated on the basis set out in Article 3 save that "Relevant Profits" for this purpose shall be

Adjusted Relevant Profits multiplied by Proportion of Financial Year where

Adjusted Relevant Profits means the net profit of the Group, calculated on the same basis as "Relevant Profits", by reference to the latest available unaudited consolidated management accounts of the Company for the period from the start of the then current financial year to the latest practicable date prior to the date of return of capital, and

Proportion of Financial Year means the number of days from the date of the start of the then current financial year down to and including the date of return of capital divided by the number of days in the period to which such management accounts relate,

- (c) lastly, and subject to the proviso below and sub-paragraph 4.3(f) below, in dividing the surplus (if any) (**Surplus**) between the holders of Shares as to 55% to the holders of Preferred Ordinary Shares (pro rata as between such holders to their respective holdings of the class) and 45% to be distributed to the holders of Ordinary Shares

and C Shares in accordance with 4 3(d) below Provided always that the Auditors shall confirm the amount of the Surplus at which the entitlement of the holders of the Preferred Ordinary Shares achieves the Relevant Return (**Threshold**) and the amount of such surplus (if any) in excess of the Threshold (**Threshold Surplus**) shall be reallocated as to 35% to the holders of the Preferred Ordinary Shares (pro rata as between such holders to their respective holdings of the class) and 65% to be distributed to the holders of Ordinary Shares and C Shares in accordance with 4 3(e) below

- (d) the aggregate amount of the Surplus required pursuant to 4 3(c) above to be distributed in accordance with this sub-paragraph 4 3(d) (**First Relevant Amount**) shall be distributed as follows
 - (i) each holder of C Shares shall receive out of the First Relevant Amount an amount equal to their Relevant Proportion of 2% of the Surplus,
 - (ii) the remainder of the Relevant Amount not distributed to the holders of C Shares in accordance with (i) above shall be distributed to the holders of Ordinary Shares (pro rata as between such holders to their respective holdings of the class)
- (e) the aggregate amount of the Threshold Surplus required pursuant to 4 3(c) above to be reallocated and distributed in accordance with this sub-paragraph 4 3(e) (**Second Relevant Amount**) shall be distributed as follows
 - (i) each holder of C Shares shall receive out of the Second Relevant Amount an amount equal to their Relevant Proportion of 2% of the Threshold Surplus,
 - (ii) the remainder of the Second Relevant Amount not distributed to the holders of C Shares in accordance with (i) above shall be distributed to the holders of Ordinary Shares (pro rata as between such holders to their respective holdings of the class)
- (f) in the absolute discretion of the Investor(s) (acting together, if more than one)
 - (i) the percentages of the Surplus referred to in sub-paragraph 4 3(c) above to be distributed to the holders of Preferred Ordinary Shares and to the holders of Ordinary Shares and C Shares may be changed to 53% and 47% respectively, and/or
 - (ii) the percentages of the Threshold Surplus referred to in sub-paragraph 4 3(c) above to be distributed to the holders of Preferred Ordinary Shares and to the holders of Ordinary Shares and C Shares may be changed to 33% and 67% respectively,

The provisions of Article 4 3 shall not apply on or after a Listing

- 4 4 Immediately prior to and conditionally upon a Listing the shareholders shall enter into such reorganisation of the share capital of the Company as they may agree or, in default, as an Investor Majority may reasonably specify, to ensure that the Realisation Value is reallocated between the Members in the same proportions as the preceding provisions of these Articles would provide on a Sale at that Realisation Value

5 Variation of Class Rights

5 1 Whenever the capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of three quarters of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the issued shares of that class, but not otherwise. To every such separate meeting, all the provisions of these Articles relating to general meetings of the Company shall apply with amendments necessary to give efficiency.

5 2 Without prejudice to the generality of their rights, the special rights attached to the Preferred Ordinary Shares shall be deemed to be varied at any time by any of the following

- (a) an increase, reduction or other alteration in the issued share capital of the Company or any other member of the Group or a variation in the rights attaching to any class thereof,
- (b) the grant of an option to subscribe for shares in the Company or any other member of the Group or the issue of any securities or instruments convertible into shares in any such company,
- (c) other than pursuant to the Banking Facilities and the Loan Stock the creation by the Company or any other member of the Group of any mortgage, charge, pledge, lien, encumbrance or other security interest (excluding an interest arising by operation of law in the ordinary course of business),
- (d) the making of any material change (including cessation) in the nature of the business of the Group taken as a whole,
- (e) the alteration of the memorandum of association of the Company or these Articles or the passing of any special or extraordinary resolution of the Members,
- (f) the declaration or payment of any dividend or the making or any other distribution in respect of the profits, assets or reserves of the Company or any other member of the Group other than the Participating Dividend in accordance with these Articles,
- (g) the institution of any proceedings for, or the passing of any resolution for the winding up or administration of the Company or any other member of the Group,
- (h) the appointment or removal of any director save pursuant to Article 18,
- (i) a Sale or Listing,
- (j) the Company or any other member of the Group incurring an obligation to do any of the foregoing, and
- (k) the registration or purported registration of any transfer of any share or interest therein other than as expressly permitted by these Articles

6 Issue of Shares – section 80 and section 89

6 1 Subject to the Act and to Article 5 2, all unissued Shares in the Company shall be under the control of the directors and they may offer, allot, grant rights or warrants to subscribe for, grant options over, or otherwise deal with or dispose of unissued shares in the Company to

such persons and generally on such terms in such manner and at such times as they may determine

6 2 Section 89(1) and Sections 90(1) to (6) of the Act shall not apply to the Company

6 3 Subject to Article 5 2, the Directors of the Company are hereby authorised pursuant to section 80 of the Act generally to exercise each and every power of the Company to allot relevant securities (as defined in that section) up to a maximum amount in nominal value which when aggregated with the subscriber share(s) and the relevant securities already allotted on the adoption of these Articles is equal to the authorised share capital on such adoption, such authority to expire on 30 September 2007

7 Lien

7 1 All Shares to be sold in the enforcement of the Company's lien or rights of forfeiture shall be offered in accordance with Article 11 (Compulsory Transfers) as if a Deemed Transfer Notice were deemed given in respect of such Shares

8 Transfer of Shares - General

8 1 The Board shall not register the transfer of any Share or any interest in any Share unless the transfer

- (a) is permitted by Article 9 (Permitted Transfers), or
- (b) is made in accordance with Article 10 (Voluntary Transfers), Article 11 (Compulsory Transfers), Article 12 (Come Along), or Article 13 (Tag Along),

and, in either such case, is not prohibited under Article 14 (Prohibited Transfers)

8 2

- (a) For the purpose of ensuring that a transfer of Shares is in accordance with these Articles or that no circumstances have arisen whereby a Member may be bound to give or be deemed to have given a Transfer Notice the Board may from time to time require any Member or any person named as transferee in any transfer lodged for registration to furnish to the Board such information and evidence as they deem relevant for such purpose
- (b) Failing such information or evidence being furnished to their reasonable satisfaction within a reasonable time after request under Article 8 2(a) the Board may (with the approval of an Investor Majority) in their absolute discretion refuse to register the transfer in question or (with the approval of an Investor Majority where no transfer is in question) require by notice in writing to the Member(s) concerned that a Transfer Notice be given in respect of the Shares concerned
- (c) If such information or evidence requested under Article 8 2(a) discloses to the satisfaction of the Board (with the approval of an Investor Majority) that circumstances have arisen whereby a Member may be bound to give or be deemed to have given a Transfer Notice the Board may (with the approval of an Investor Majority) by notice in writing to the Member(s) concerned require that a Transfer Notice be given in respect of the Shares concerned

8 3 An obligation to transfer a Share under these Articles shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such Share free from any lien, charge or other encumbrance

8 4 Save as expressly permitted by these Articles no arrangement shall be entered into by any Member whereby the terms upon which the Member holds any Ordinary Shares are to be varied if as a result any interest in those Shares is varied, disposed of or created or extinguished, except with the prior consent of the holders of the Preferred Ordinary Shares given as if the arrangement was a variation of the rights attaching to the Preferred Ordinary Shares

9 Permitted Transfers

9 1 Definitions

For the purposes of Article 9, Article 10 and Article 11

- (a) **Family Member** means, in relation to a Member, any of his spouse (or widow or widower), children and grandchildren (including step and adopted children and grandchildren),
- (b) **Family Trust** means, in relation to a Member, a trust which does not permit any of the settled property or the income from it to be applied otherwise than for the benefit of that Member or any of his Family Members and under which no power of control over the voting powers conferred by any Shares the subject of the trust is capable of being exercised by, or being subject to the consent of, any person other than the trustees or such Member or any of his Family Members,
- (c) **investment fund** means
 - (i) any arrangement constituting a collective investment scheme for the purpose of section 235 Financial Services and Markets Act 2000 (as amended or re-enacted for the time being) or which would constitute such a scheme if it did not fall within an exemption or exclusion to that section,
 - (ii) any investment trust or venture capital trust,
 - (iii) any partnership, whether or not limited, and
 - (iv) any pension or retirement or life assurance fund or company or trustee thereof,
- (d) **a member of the same group** means, in relation to a body corporate, any other body corporate which is for the time being a holding company of that body corporate or a subsidiary of that body corporate or a subsidiary of any holding company of which that body corporate is also a subsidiary, and
- (e) **permitted transfer** means any transfer of Shares permitted under this Article 9

9 2 Transfers to relations and trustees

- (a) Subject to Articles 9 2(b) to 9 2(d) inclusive and to Article 14, any Member who is an individual may at any time during his lifetime transfer Shares (other than C Shares) originally allotted to and still held by him to a person or persons shown to the reasonable satisfaction of the Board to be

- (i) a Family Member of his, or
 - (ii) trustees to be held under a Family Trust for that Member
- (b) No transfer of Shares shall be made
 - (i) unless an Investor Majority has confirmed in writing its satisfaction
 - (A) with the terms of the instrument constituting the relevant family trust and in particular with the powers of the trustees including but not limited to the express power to give warranties and indemnities on any disposal of trust property,
 - (B) with the identity of the trustees and the procedures for the appointment and removal of trustees,
 - (C) with the restrictions on changes in the terms of the trust instrument and on distributions by the trustees, and
 - (D) that none of the costs incurred in establishing or maintaining the relevant Family Trust will be payable by any member of the Group, and

unless the aggregate number of Shares of any one class held by that Member following that transfer exceeds the aggregate number of Shares of that class held by that Member's Family Trusts and Family Members
- (c) Where Shares are held by trustees under a Family Trust
 - (i) those Shares may, on any change of trustees, be transferred by those trustees to any new trustee of that Family Trust whose identity has been approved in writing by an Investor Majority,
 - (ii) those Shares may at any time be transferred by those trustees to the settlor of that trust or any other person to whom that settlor could have transferred them under Article 9 2(a) if he had remained the holder of them, and
 - (iii) if and whenever any of those Shares cease to be held under a Family Trust (other than by virtue of a transfer made under Article 9 2(c)(ii)), the trustees shall forthwith give a Transfer Notice (as defined in Article 10 1) in respect of all the Shares then held by those trustees and in any event within 28 days of the Shares ceasing to be so held
- (d) If any person has acquired Shares as a Family Member of a Member by way of one or more permitted transfers and that person ceases to be a Family Member of that Member, that person shall forthwith transfer all the Shares then held by that person back to that Member, for such consideration as they agree, within 28 days of the cessation or, in default of such agreement, at the Market Value (calculated in accordance with Article 10 14)
- (e) If the personal representatives of a deceased Member are permitted under these Articles to become registered as the holders of any of the deceased Member's Shares and elect to do so, such Shares may at any time be transferred by those personal representatives under this Article 9 2 to any person to whom the deceased Member could have transferred such Shares under this Article 9 if he had remained

the holder of them. No other transfer of such Shares by personal representatives shall be permitted under this Article 9

9.3 Transfers within groups of companies

- (a) Any Member which is a body corporate may at any time transfer any Shares held by it to a member of the same group
- (b) Where Shares have been transferred under Article 9.3(a) (whether directly or by a series of such transfers) from a Member (the **Transferor**) to a member of the same group as the Transferor (the **Transferee**) and subsequent to such transfer the Transferee shall cease to be a member of the same group as the Transferor then the Transferee shall forthwith transfer all the Shares held by it to the Transferor, for such consideration as they agree and if they do not do so within 28 days of the date upon which the Transferee ceased to be a member of the same group the directors may with the consent of an Investor Majority require the Transferee to serve a Transfer Notice in respect of such Shares

9.4 Transfers between funds

Any Shares held by or on behalf of an investment fund may be transferred

- (a) to the investment fund for whom the Shares are held, or
- (b) to another investment fund which is managed or advised by the same manager or adviser as the transferor or by a manager or adviser which is a member of the same group as the transferor's manager or adviser, or
- (c) to any unitholder, shareholder, partner or participant in, or manager or adviser (or an officer or employee, past or present, of such partner, manager or adviser) of that investment fund, or
- (d) to any custodian or nominee or other person so authorised, to be held solely on behalf of any person referred to in Article 9.4(a), 9.4(b) or 9.4(c) above

9.5 Transfers with consent

- (a) A Member may transfer Shares to any person at any time with the prior written consent of an Investor Majority
- (b) Any Share may, with the consent of an Investor Majority, be transferred to a Venture Capitalist as defined in Article 9.5(c)
- (c) In this Article 9 a **Venture Capitalist** means any person or firm or partnership whose business comprises to a material extent the holding for investment purposes of unlisted securities in United Kingdom private companies and includes any nominee, custodian or manager used by any such person, firm or partnership to hold such investments

9.6 Transfers of entire interest

A transfer of any Share pursuant to this Article 9 shall only be treated as a permitted transfer for the purposes of these Articles if it is a transfer of the entire legal and beneficial interest in such share, free from any lien, charge or other encumbrance (save for any interest of beneficiaries under the relevant Family Trust, where applicable)

10 Voluntary Transfers

- 10 1 Except as permitted under Article 9 (Permitted Transfers) and subject to Article 12 and Article 13, any Member who wishes to transfer any Share (**a Vendor**) shall before transferring or agreeing to transfer such Share or any interest in it, serve notice in writing (**a Transfer Notice**) on the Company of his wish to make that transfer. Save as permitted by Article 9 and subject always to Article 12, Article 13 and Article 14 a Member who wishes to transfer an interest in a Share (but not the Share itself) may do so only with the prior approval of both an Ordinary Majority and an Investor Majority
- 10 2 In the Transfer Notice the Vendor shall specify
- (a) the number and class of Shares (**Sale Shares**) which he wishes to transfer and so that each Transfer Notice shall relate to one class only,
 - (b) the identity of the person (if any) to whom the Vendor wishes to transfer the Sale Shares,
 - (c) the price per share at which the Vendor wishes to transfer the Sale Shares (**Proposed Sale Price**),
 - (d) any other terms relating to the transfer of the Sale Shares, and
 - (e) whether the Transfer Notice is conditional upon all (and not part only) of the Sale Shares being sold pursuant to the following provisions of this Article 12 (**a Total Transfer Condition**)
- 10 3 Each Transfer Notice shall
- (a) relate to one class of Shares only,
 - (b) constitute the Company as the agent of the Vendor for the sale of the Sale Shares on the terms of this Article 10,
 - (c) save as provided in Article 10 5, be irrevocable
- 10 4 The Sale Shares shall be offered for purchase in accordance with this Article 10 at a price per Sale Share (**Sale Price**) agreed between the Vendor and the Board (with the approval of the Investor Director(s)) or, in default of such agreement by the end of the 15 business day after the date of service of the Transfer Notice
- (a) if the Board or an Investor Majority so elects within that 15 business day period days after the date of service of the Transfer Notice, the price per share reported on by the Valuers as their written opinion of the open market value of each Sale Share (**Market Value**) as at the date of service of the Transfer Notice (in which case for the purposes of these Articles the Sale Price shall be deemed to have been determined on the date of the receipt by the Company of the Valuer's report), and
 - (b) otherwise shall be the Proposed Sale Price, in which case for the purpose of these Articles the Sale Price shall be deemed to have been agreed at the end of that 15 business day
- 10 5 If instructed to report on their opinion of Market Value under Article 10 4(a) the Valuers shall

- (a) act as expert and not as arbitrator and their written determination shall be final and binding on the Members, and
 - (b) proceed on the basis that the open market value of each Sale Share shall be
 - (i) in the case of C Shares, the sum which a willing purchaser would agree with a willing vendor to be the purchase price for the Sale Shares (with an appropriate minority discount),
 - (ii) in all other cases, the sum which a willing purchaser would agree with a willing vendor to be the purchase price for all the class of Shares of which the Sale Shares form part, divided by the number of issued Shares then comprised in that class but so that for this purpose the Ordinary Shares and Preferred Ordinary Shares shall be valued as if they were one and the same class and sold ex dividend but taking no account of any premium or any discount by reference to the size of the holding the subject of the Transfer Notice but the price shall thereafter be adjusted to take account only of any actual arrear or accrual of dividend if the Sale Shares are to be sold cum dividend
- 10 6 The Company will use its reasonable endeavours to procure that the Valuers deliver their written opinion of the Market Value to the Board and to the Vendor within 56 days of being requested to do so
- 10 7 The Valuers' fees for reporting on their opinion of the Market Value shall be borne as the Valuers shall specify in their valuation or otherwise (in the absence of any specification by the Valuer) as to one half by the Vendor and as to the other half by the Company unless the Vendor revokes the Transfer Notice pursuant to Article 10 8 when the Vendor shall pay all the Valuers' fees
- 10 8 If the Market Value is reported on by the Valuers under Article 10 4 to be less than the Proposed Sale Price, the Vendor may revoke the Transfer Notice by written notice given to the Board within the period (**Withdrawal Period**) of 5 business days after the date the Board serves on the Vendor the Valuers' written opinion of the Market Value
- 10 9
- (a) If the Sale Shares are not Ordinary Shares or C Shares, the Board shall at least 10 business days after and no more than 20 business days after the Sale Price has been agreed or determined give an Offer Notice to all Members to whom the Sale Shares are to be offered in accordance with these Articles (whether first, second or third level offerees)
 - (b) If the Sale Shares are Ordinary Shares or C Shares, the Board shall give an Offer Notice to all Members or Board Invitees to whom the Sale Shares are to be offered in accordance with these Articles at least 10 business days after and no more than 20 business days after whichever first occurs of
 - (i) Board Invitee(s) having been determined in respect of all the Sale Shares,
 - (ii) an Investor Majority waiving the requirement to offer Sale Shares to Board Invitees, or

- (iii) the period to find Board Invitees having expired without Board Invitees having been found in respect of all the Sale Shares

10 10 An Offer Notice shall

- (a) specify the Sale Price,
- (b) contain the other details included in the Transfer Notice, and
- (c) invite the relevant offerees to apply in writing, before expiry of the Offer Notice, to purchase the numbers of Sale Shares specified by them in their application,

and shall expire 35 business days after its service

10 11 Sale Shares of a particular class specified in column (1) in the table below shall be treated as offered

- (a) in the first instance to all persons in the category set out in the corresponding line in column (2) in the table below, and
- (b) to the extent not accepted by persons in column (2), to all persons in the category set out in the corresponding line in column (3) in the table below,
- (c) in the case of Ordinary Shares to the extent not accepted by persons in column (3), to all persons in the category set out in the corresponding line in column (4) in the table below,

but no Shares shall be treated as offered to the Vendor or any other Member who is then bound to give, has given or is deemed to have given a Transfer Notice

(1) Class of Sale Shares	(2) First Offer to	(3) Second Offer to	(4) Third Offer to
Ordinary Share	Board Invitees	Members holding Ordinary Shares	Members holding Preferred Ordinary Shares
C Share	Board Invitees	Members holding Ordinary Shares	Members holding Preferred Ordinary Shares
Preferred Ordinary Shares	Members holding Preferred Ordinary Shares	Members holding Ordinary Shares	N/A

- (d) The expression **Board Invitees** in these Articles means a person or persons (the trustees of any trust for the benefit of employees, of, and any actual or proposed employee of, any member of the Group) selected (in the 60 business days immediately following the date on which the Sale Price is agreed or determined) by the Board with the written approval of an Investor Majority. If no such selection occurs for whatever reason in this period then the Investor Majority may, with the written approval of the Board, select the Board Invitees within a further period of 20 business days. Any approval required under this Article 10 11(d) shall not be unreasonably withheld or delayed.

- 10 12 After the expiry date of the Offer Notice or, if earlier, after valid applications being received for all the Sale Shares the Board shall, in the priorities and in respect of each class of persons set out in the columns in the table in Article 10 11(a), allocate the Sale Shares in accordance with the applications received save that
- (a) if there are applications from any class of offerees for more than the number of Sale Shares available for that class of offerees, they shall be allocated to those applicants in proportion (as nearly as possible but without allocating to any Member more Sale Shares than the maximum number applied for by him) to the number of Shares of the class which entitles them to receive such offer then held by them respectively,
 - (b) if it is not possible to allocate any of the Sale Shares without involving fractions, they shall be allocated amongst the applicants of each class in such manner as the Board shall think fit,
 - (c) any allocation of Sale Shares between two or more Board Invitees shall be entirely at the discretion of the Board with an Investor Majority's approval, and
 - (d) if the Transfer Notice contained a valid Total Transfer Condition, no allocation of Sale Shares shall be made unless all the Sale Shares are allocated
- 10 13 The Board shall, within 5 business days of the expiry date of the Offer Notice, give notice in writing (**an Allocation Notice**) to the Vendor and to each person to whom Sale Shares have been allocated (each a **Purchaser**) specifying the name and address of each Purchaser, the number of Sale Shares agreed to be purchased by him and the aggregate price payable for them
- 10 14 Completion of a sale and purchase of Sale Shares pursuant to an Allocation Notice shall take place at the registered office of the Company at the time specified in the Allocation Notice when the Vendor shall, upon payment to him by a Purchaser of the Sale Price in respect of the Sale Shares allocated to that Purchaser, transfer those Sale Shares and deliver the relative share certificates to that Purchaser
- 10 15 The Vendor may, during the period of 120 business days commencing 20 business days after the expiry date of the Offer Notice, sell all or any of those Sale Shares for which an Allocation Notice has not been given by way of bona fide sale to the proposed transferee (if any) named in the Transfer Notice or, if none was so named, to any transferee at any price per Sale Share which is not less than the Sale Price, without any deduction, rebate or allowance to the proposed transferee, provided that
- (a) the Vendor may not transfer any Ordinary Share and Board shall not register any transfer to a transferee who is not at that date a Member unless such transferee is first approved in writing by an Investor Majority, and
 - (b) if the Transfer Notice contained a Total Transfer Condition, the Vendor shall not be entitled, save with the written consent of the Investor Majority and the Board, to sell only some of the Sale Shares under this Article 10 12
- 10 16 If a Vendor fails for any reason (including death) to transfer any Sale Shares when required pursuant to this Article 10, the Board may authorise any director of the Company (who shall be deemed to be irrevocably appointed as the attorney of the Vendor for the purpose) to execute each necessary transfer of such Sale Shares and deliver it on the Vendor's behalf The Company may receive the purchase money for such Sale Shares from the Purchaser and shall upon receipt (subject, if necessary, to the transfer being duly stamped) register the

Purchaser as the holder of such Sale Shares The Company shall hold such purchase money in a separate bank account on trust for the Vendor but shall not be bound to earn or pay interest on any money so held The Company's receipt for such purchase money shall be a good discharge to the Purchaser who shall not be bound to see to the application of it, and after the name of the Purchaser has been entered in the register of Members in purported exercise of the power conferred by this Article 10 16 the validity of the proceedings shall not be questioned by any person

11 Compulsory Transfers

11 1 In this Article 11, a **Transfer Event** occurs, in relation to any Member

Bankruptcy, death etc of individual

(a) if that Member being an individual

- (i) shall have a bankruptcy order made against him or shall be declared bankrupt by any court of competent jurisdiction, or
- (ii) shall make an offer to make any arrangement or composition with his creditors generally,
- (iii) shall die, or
- (iv) shall suffer from mental disorder and be admitted to hospital or shall become subject to any court order referred to in regulation 81(c) of Table A,

and in any such case and within the following twelve (six in the case of the event in Article 11 1(a)(ii)) months either the Investor Majority shall notify the Company or the Board shall resolve that such event is a Transfer Event in relation to that Member for the purposes of this Article,

Corporate dissolution or insolvency etc

(b) if that Member being a body corporate

- (i) shall have a receiver, manager or administrative receiver appointed over all or any part of its undertaking or assets,
- (ii) shall have an administrator appointed in relation to it, or
- (iii) shall enter into liquidation (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction), or
- (iv) shall have any equivalent action in respect of it taken in any jurisdiction outside England and Wales,

and within the following twelve months either the Investor Majority shall notify the Company or the Board shall resolve that such event is a Transfer Event in relation to that Member for the purposes of this Article,

Ceasing to be director or employee in Group or Group Member leaving Group

(c) subject to Article 11 7, if a Member who is at any time a director or employee of a member of the Group then

- (i) if he shall cease to hold such office or employment (other than by circumstances falling within Articles 11 1(a)(iii) or 11 1(a)(iv)) and the Member does not remain or thereupon immediately become a director or employee of another company which is still a member of the Group, unless within that following six months an Investor Majority shall notify the Company that such event is not a Transfer Event in relation to that Member for the purposes of this Article, or
- (ii) if the member of the Group of which he is a director or employee shall cease for any reason to be a member of the Group and the Member does not remain or thereupon immediately become a director or employee of another company which is still a member of the Group, unless within that following six months an Investor Majority shall notify the Company that such event is not a Transfer Event in relation to that Member for the purposes of this Article,

Unauthorised attempted transfer

- (d) if a Member or any Family Member or the trustees of any Family Trust of a Member shall attempt to deal with or dispose of any Share or any interest in it otherwise than in accordance with these Articles and within the following twelve months either the Investor Majority shall notify the Company or the Board shall resolve that such event is a Transfer Event in relation to that Member for the purposes of this Article, or

Failure to serve Transfer Notice under specified provisions

- (e) if a Member shall for any reason not give a Transfer Notice in respect of any Shares or transfer any Shares (as the case may be) as required by Articles 8 2, 9 2(c)(iii), 9 2(d) or 9 3(b) and within the following six months either the Investor Majority shall notify the Company or the Board shall resolve that such event is a Transfer Event in relation to that Member for the purposes of this Article,

Exercise of EMI option following cessation of employment

- (f) if a Member acquires any C Share(s) by the exercise of an enterprise management incentive option granted by the Company following that Member's ceasing to be an employee of any member of the Group

Consequences of Transfer Event determination

- 11 2 Upon the making of a notification or resolution under Article 11 1 that the same is a Transfer Event (as the case may be) the Member in respect of whom it is a Transfer Event (**Relevant Member**) and any other Member who has acquired Shares from him under a permitted transfer (directly or by means of a series of two or more permitted transfers) shall be deemed to have immediately given a Transfer Notice in respect of all the Ordinary Shares and/or C Shares then held by such Member(s) (a **Deemed Transfer Notice**) but so that for the purpose of a Transfer Event falling within Article 11 1(c)(i) or 11 1(c)(ii) the Transfer Notice shall be deemed served six months after the Transfer Event or, if earlier, on the notification by an Investor Majority that the Investor Majority does not intend to notify that the same should not be a Transfer Event. A Deemed Transfer Notice shall supersede and cancel any then current Transfer Notice insofar as it relates to the same Shares except for Shares which have then been validly transferred pursuant to that Transfer Notice. For the purpose of this Article 13 2, any Shares received by way of rights or on a capitalisation by any person to whom Shares may have been transferred (directly or by means of a series of two or more permitted transfers) shall also be treated as included within the Deemed Transfer Notice.

However if the Transfer Event arises pursuant to Article 11 1(c)(i) above and the Relevant Member is a Good Leaver or if the Transfer Event arises pursuant to Article 11 1(c)(ii) above then (in either case) an Investor Majority may in its absolute discretion and without assigning any reason therefor within the six month period referred to in Article 11 1(c) give notice that a specified number of the shares in respect of which a Transfer Notice would otherwise be deemed to be given are not to be subject to a Transfer Notice on that occasion (**Exemption Notice**) An Exemption Notice may specify by number of shares and Member which shares are to be so exempt on that occasion In the absence of any such specification the exemption shall operate rateably as between the Member(s) and holdings in question The decision to give or not to give an Exemption Notice shall in no way prejudice or affect the exercise of such discretion on any later occasion or create any expectation on the part of any person

Disenfranchisement

- 11 3 Notwithstanding any other provision of these Articles, if an Investor Majority so resolves in relation to any Shares, any Member holding Ordinary Shares in respect of which a Deemed Transfer Notice is deemed given shall not be entitled to exercise any voting rights at general meetings of the Company in respect of those Shares on and from the date of the relevant Deemed Transfer Notice until the entry in the register of members of the Company of another person as the holder of those Shares

Offer for sale

- 11 4 The Shares the subject of any Deemed Transfer Notice shall be offered for sale in accordance with Article 10 as if they were Sale Shares in respect of which a Transfer Notice had been given and treating as the Vendor the person who is deemed to have given the Deemed Transfer Notice save that
- (a) subject to Article 11 5, the Sale Price shall be a price per Sale Share agreed between the Vendor and the Board with the consent of an Investor Majority or, in default of agreement within 15 business days after the making of the notification or resolution under Article 11 1 that the same is a Transfer Event, the Market Value,
 - (b) a Deemed Transfer Notice shall be deemed not to contain a Total Transfer Condition and shall not be irrevocable whether under Article 10 8 or otherwise,
 - (c) the Vendor may retain any Sale Shares for which Purchasers are not found, and
 - (d) Article 11 5 shall apply

Special provision on ex director/employee

- 11 5 The Sale Price for any Sale Shares which are the subject of a Deemed Transfer Notice given as a consequence of a Transfer Event falling within Article 11 1(c)(i) shall
- (a) in the case where the Relevant Member is a Good Leaver, be their Market Value and,
 - (b) in the case where the Relevant Member is not a Good Leaver, be the lower of
 - (i) their Issue Price, and
 - (ii) their Market Value

- (c) The Sale Price for any Sale Shares which are the subject of a Deemed Transfer Notice given as a consequence of a Transfer Event falling within Article 11 1(f) shall be their Market Value

Dispute not to delay sale

11 6 A dispute as to whether Article 11 5(a) or Article 11 5(b) applies to any Sale Shares shall not affect the validity of a Deemed Transfer Notice but any person who acquires Sale Shares (**Purchaser**) pursuant to a Deemed Transfer Notice while such a dispute is continuing shall pay to the Vendor their Market Value discounted in accordance with Article 11 5 (assuming, if not the case, that the Relevant Member is not a Good Leaver) and shall pay the amount of such discount to the Company. The Company shall hold that discount in a separate interest-bearing bank deposit account as trustee to pay it, and interest earned thereon, upon final determination of the dispute

- (a) to the Purchaser(s) in the case of a person who is not a Good Leaver, and
- (b) to the Vendor in any other case

Provided always that if the Vendor and Purchaser(s) otherwise agree in writing and notify such agreement to the Company it shall hold and deal with the monies paid into such account and interest as such agreement and notice may specify even though the issue of whether the Relevant Member was a Good Leaver has not been resolved

Date of end of employment

11 7 For the purpose of Article 11 1(c)(i) and Article 21 2, the date upon which a Member ceases to hold office as an employee as described therein shall

- (a) where the employer terminates or purports to terminate a contract of employment by giving notice to the employee of the termination of the employment, whether or not the same constitutes a wrongful or unfair dismissal, be the later of the date of that notice and the date (if any) for the termination expressly stated in such notice (whether or not a payment is made by the employer in lieu of all or part of the notice period required to be given by the employer in respect of such termination),
- (b) where the employee terminates or purports to terminate a contract of employment by giving notice to the employer of the termination of the employment (whether or not he is lawfully able so to do), be the later of the date of that notice and the date (if any) for the termination expressly stated in such notice,
- (c) subject to Article 11 7(a) and Article 11 7(b) where an employer or employee wrongfully repudiates the contract of employment and the other respectively accepts that the contract of employment has been terminated, be the date of such acceptance by the employee or employer respectively,
- (d) where a contract of employment is terminated under the doctrine of frustration, be the date of the frustrating event

11 8 For the purposes of Articles 11 4(a), 11 5 and 12 8 "Market Value" shall bear the same meaning as in Article 10 4 (and shall be computed on the basis set out in Article 10 5 save that in arriving at "Market Value" for the purposes of Articles 11 4(a), 11 5 and 12 8 the Valuers shall disregard the provisions of Articles 9 2(d), 11 2 and 12 1 and save further that for the purposes of Article 12 8 only as if the words in Article 10 5(b)(ii) "but taking no account

of any premium or any discount by reference to the size of holding the subject of the Transfer" were deleted)

- 11 9 Once a Deemed Transfer Notice shall under these Articles be given in respect of any Share then no permitted transfer under Article 9 may be made in respect of such Share unless and until a Offer Notice shall have been served in respect of such Share and the period of allocation permitted under Article 10 shall have expired without such allocation

12 Come Along Option

- 12 1 If any one or more Investors holding at least 75% of the Preferred Ordinary Shares (together **Selling Shareholders**) wish to transfer all their Preferred Ordinary Shares, the Selling Shareholders shall have the option (**Come Along Option**) to require all the other holders of Shares to transfer all their shares with full title guarantee to the Third Party Purchaser or as the Third Party Purchaser shall direct in accordance with this Article 12

- 12 2 The Selling Shareholders may exercise the Come Along Option by giving notice to that effect (**a Come Along Notice**) to all other Shareholders (**Called Shareholders**) at any time before the registration of the transfer of the Shares held by the Selling Shareholders A Come Along Notice shall specify that the Called Shareholders are required to transfer all their Shares (**Called Shares**) pursuant to Article 12 1 to the Third Party Purchaser, the price at which the Called Shares are to be transferred (determined in accordance with Article 12 4) the proposed date of transfer (if known) and the identity of the Third Party Purchaser A Come Along Notice shall be deemed served upon the envelope containing it being placed in the post and regulation 115 of Table A and Article [29] shall in the context of a Come Along Notice be amended accordingly and regulations 112 to 115 of Table A shall otherwise apply to the service of a Come Along Notice as if it were a notice to be given by the Company

- 12 3 A Come Along Notice may be revoked at any time prior to completion of the sale of the Called Shares and any such revocation notice shall be served as in Article 12 2

- 12 4 Subject to Article 12 8, the Called Shareholders shall be obliged to sell the Called Shares at the price specified in the Come Along Notice which shall attribute an equal value to each Preferred Ordinary Share, each Ordinary Share and each 'C' Share

- 12 5 Completion of the sale of the Called Shares shall take place on the same date as the date of actual completion of the sale of the Selling Shareholders' Shares unless all of the Called Shareholders and the Selling Shareholders agree otherwise

- 12 6 Each Called Shareholder shall on service of the Come Along Notice be deemed to have irrevocably appointed each of the Selling Shareholders severally to be his attorney to execute any stock transfers and covenant for full title guarantee in respect of the Called Shares registered in the name of such Called Shareholders and to do such other things as may be necessary or desirable to accept, transfer and complete the sale of the Called Shares pursuant to this Article 12 The rights of pre-emption and other restrictions contained in these Articles shall not apply on any sale and transfer of Shares by the Selling Shareholders or the Called Shareholders to the Third Party Purchaser named in a Come Along Notice in connection with the transfer contemplated by Article 12 1 and the Come Along Notice

- 12 7 In connection with the Sale the provisions of Article 4 (allocation of proceeds) shall apply to the proceeds of the Shares and save as aforesaid the provisions of this Article 12 shall prevail over any contrary provisions of these Articles Any Transfer Notice or Deemed Transfer Notice served in respect of any Share which has not been allocated in accordance with Article 10 shall automatically be revoked by the service of a Come Along Notice

- 12 8 A Called Shareholder shall not be obliged to sell his Called Shares pursuant to Article 12 4 unless if he so requests within 2 business days of the Come Along Notice, the Valuers report to the Company in writing that in their opinion the price specified in the Come Along Notice is not less than the Market Value of the Called Shares in question The cost of obtaining such report shall be borne by the Called Shareholder

13 Tag Along

- 13 1 Subject to Article 12 but notwithstanding any other provision in these Articles no sale or other disposition of any Share (the **Specified Shares**) shall have any effect if it would result in a Change of Control unless before the transfer is lodged for registration the Third Party Purchaser has made a bona fide offer in accordance with these Articles to purchase at the specified price (defined in Article 13 3) all the Shares (other than 'C' Shares) held by Members who are not acting in concert or otherwise connected with the Third Party Purchaser (**Uncommitted Shares**)

- 13 2 An offer made under Article 13 1 shall be in writing, given in accordance with Article 22, open for acceptance for at least 15 business days, and shall be deemed to be rejected by any member who has not accepted it in accordance with its terms within the time period prescribed for acceptance and the consideration thereunder shall be settled in full on completion of the purchase and within 30 days of the date of the offer

- 13 3 For the purposes of Article 13 1

- (a) the expressions **transfer**", **transferor** and **transferee** include respectively the renunciation of a renounceable letter of allotment, and any renouncer and renounee of such letter of allotment, and
- (b) the expression **specified price** means in the case of Uncommitted Shares the higher of
 - (i) a price per share at least equal to the highest price paid or payable by the Third Party Purchaser or persons acting in concert with him or connected with him for any Ordinary Shares or Preferred Ordinary Shares within the last six months (including to avoid doubt the Specified Shares) plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the Specified Shares which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for the Specified Shares Provided always that an equal value shall be attributed to all Ordinary Shares or Preferred Ordinary Shares including the Specified Shares, and
 - (ii) (if an Investor Majority shall so require) a price per share equal to the Issue Price thereof
- (c) If any part of the specified price is payable otherwise than in cash any Member may require as a condition of his acceptance of the Offer, to receive in cash on transfer all or any of the price offered for his Uncommitted Shares
- (d) If the specified price or its cash equivalent cannot be agreed within 15 business days of the proposed sale or transfer referred to in Article 13 1 between the Third Party Purchaser and the Investor Majority holding 75 per cent of the class of Shares concerned (excluding the Third Party Purchaser and persons acting in concert or

otherwise connected with him), it may be referred to the Valuers by any Member and, pending its determination, the sale or transfer referred to in Article 15 1 shall have no effect

- (e) On the Sale effected under this Article 13, the provisions of Article 4 shall apply to the proceeds of the Shares

14 Prohibited Transfers

14 1 Notwithstanding any other provision of these Articles, no transfer of any Share shall be registered if it is to

- (a) any minor, undischarged bankrupt, trustee in bankruptcy or person of unsound mind, or
- (b) any person (other than a Third Party Purchaser named in a Come Along Notice) who has not executed a Deed of Adherence to, and in the manner required by, the Investment Agreement

15 General Meetings

15 1 Regulation 37 of Table A shall be amended by the insertion of the words "or the Investor Director acting alone" after the second word of that regulation

15 2 The board of directors shall procure that the annual general meeting in respect of each financial year shall be convened to take place not later than 42 days after the date of the auditors' report contained in the audited accounts of the Company for the relevant financial year and that the audited accounts and report shall be laid thereat

16 Proceedings at General Meetings

16 1 Any member having the right to vote at the meeting may demand a poll at a general meeting and regulation 46 of Table A shall be modified accordingly

16 2 The Chairman shall be entitled to exercise any second or casting vote at any general meeting or class meeting

16 3 Regulation 62 of Table A shall be modified by the deletion in paragraph (a) of the words "deposited at" and by the substitution for them of the words "left at or sent by post or by facsimile transmission to" and by the insertion at the end of the regulation after the word "invalid" of the words "unless a majority of the Board (an Investor Director being part of that majority) resolve otherwise"

16 4 Regulation 54 of Table A shall not apply

17 Number of Directors and appointment of Chairman

17 1 The number of directors shall not be less than two and there shall be no maximum number Regulation 64 of Table A shall not apply

17 2 No person may be appointed Chairman without the approval of an Investor Majority

18 Investor Director

18 1 Each Investor may at any time and on more than one occasion appoint any person to be a director and at any time and on more than one occasion remove such person from office

18 2 There shall not be more than one Investor Director in office at any time

18 3 Any appointment or removal of an Investor Director shall be in writing served on the Company signed by the Relevant Investor and shall take effect at the time it is served on the Company or (if later) the date expressly stated therein, whichever is earlier Any such appointment or removal by a corporation may be signed on its behalf by its duly authorised representative

18 4 Notice of meetings of the Board shall be served on an Investor Director who is absent from the United Kingdom at the addresses for service of notice on each Investor under the Investment Agreement The third sentence of regulation 88 shall not apply

18 5 Upon written request by an Investor Majority the Company shall procure that any Investor Director is forthwith appointed as a director of any other member of the Group indicated in such request

18 6 Regulation 81(e) of Table A shall not apply to an Investor Director

18 7

(a) Where any decision is to be made by any member of the Group in relation to the exercise, enforcement or waiver of its rights under the Acquisition Documents (as defined in the Investment Agreement) or against any Member holding Ordinary Shares or any director or person connected with any such Member or director, any such decision shall be within the exclusive power of a committee of not less than two directors established by the Investor Director which committee shall have (without limitation) exclusive authority in relation to the conduct of any proceedings of whatever nature arising in connection with any such rights and no other director shall have power to settle or compromise any such claim

(b) The committee referred to in Article 18 7(a) shall comprise the Investor Director and the Chairman and, if it is to comprise more than two persons, any other directors for the time being of the Company appointed to the committee by the Investor Director and the Chairman No business shall be conducted at meetings of this committee unless two directors (or their alternates) are present (one of whom is an Investor Director)

19 Alternate Directors

19 1 The words "approved by resolution of the directors and" in regulation 65 of Table A shall not apply to an appointment of an alternate director by an Investor Director

19 2 Regulation 66 of Table A shall be amended by the insertion between the words "shall" and "be" of the words "(subject to his giving the Company an address within the United Kingdom at which notice may be served upon him)"

19 3 A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum

- 19 4 If an alternate director is himself a director or attends any meeting as an alternate director for more than one director, his voting rights shall be cumulative but he shall only be counted once in deciding whether a quorum is present

20 Proceedings of Directors

- 20 1 The quorum for the transaction of business of the Board shall be two directors, one of whom shall be an Investor Director unless either

- (a) an Investor Director or an Investor Majority has previously agreed otherwise in writing, or
- (b) there is no Investor Director in office at that time

- 20 2 Any director or his alternate may validly participate in a meeting of the Board or a committee of the Board by conference telephone or other form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no group which is larger than any other group, where the chairman of the meeting then is

- 20 3 Save with the consent of the Investor Director

- (a) the Board shall not delegate any of its powers to a committee other than as specified in the Investment Agreement, and
- (b) meetings of the Board shall not be held outside the United Kingdom

- 20 4 The chairman of the Board shall have a second or casting vote at a meeting of the Board

- 20 5 A director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or proposed contract (within the meaning of section 317 of the Act) with the Company shall declare the nature of his interest at a meeting of the Board or of any committee of the Board in accordance with that section. Subject where applicable to such disclosure a director may vote at any such meeting on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company. Regulations 94 and 95 of Table A shall not apply

21 Retirement of Directors

- 21 1 Directors shall not be required to retire by rotation or at the first annual general meeting following appointment

- 21 2 The office of a director (other than an Investor Director) shall be vacated if both

- (a) (being an executive director of the Company or any subsidiary) he ceases to hold office as an employee within the meaning of Article 11.7 of the Company or any subsidiary without being appointed or continuing to be an employee of another member of the Group, and
- (b) a majority of the Board (including an Investor Director) or an Investor Majority so requires

Regulation 81 of Table A shall be extended accordingly

22 Notices

- 22 1 Any notice to be given to the Company pursuant to these Articles shall be sent to the registered office of the Company or presented at a meeting of the Board
- 22 2 Any notice to be given pursuant to these Articles may be given by facsimile transmission to the facsimile number maintained at the relevant address of the addressee. Such a notice shall be conclusively deemed to have been properly given at the time shown on the transmission report received by the sender
- 22 3 The figure "24" shall be inserted in substitution for the figure "48" in the second sentence of Regulation 115 of Table A. Any notice or other document delivered or left at a registered address otherwise than by post shall be deemed to have been served or delivered on the day it was so delivered or left

23 Indemnity

- 23 1 Subject to the provisions of the Act, but without prejudice to any other indemnity to which the person concerned may otherwise be entitled, every director, alternate director, auditor, secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or the exercise of his powers or otherwise in relation thereto. Regulation 118 of Table A shall be extended accordingly
- 23 2 The Directors may exercise all the powers of the Company to purchase and maintain for every director or other officer insurance against any liability for negligence, default, breach of duty or breach of trust or any other liability which may be lawfully insured against

24 Share Certificates etc

- 24 1 The Company may execute any share certificate, warrant or other document creating or evidencing any security allotted by the Company or any right or option to subscribe granted by the Company under the hand of two Directors or any one Director and the Company Secretary. Regulation 6 of Table A shall be extended accordingly

25 Subsidiary undertakings

- 25 1 The Board shall exercise all voting and other rights or powers of control exercisable by the Company in relation to itself and its subsidiary undertaking so as to secure (but as regards its subsidiary undertakings only in so far as by the exercise of such rights or powers of control the Board can secure) that
- (a) no shares or other securities are issued or allotted by any such subsidiary and no rights are granted which might require the issue of any such shares or securities otherwise than to the Company or one of its wholly-owned subsidiaries, and
 - (b) neither the Company nor any of its subsidiaries transfers or disposes of any shares or securities of any subsidiary of the Company or any interest therein or any rights attached thereto otherwise than to the Company or one of its wholly-owned subsidiaries,

without in either case the previous consent in writing of an Investor Majority

- 25 2 The Board shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertaking so as to secure that all distributable reserves available for distribution to the Company (or to any intermediate subsidiary undertaking) are duly paid so as to permit the Company lawfully to pay all dividends and other distributions payable under these Articles