

Company No. 4590730

XPERT GROUP LIMITED

**ARTICLES OF
ASSOCIATION**

Adopted on the 30 day of March 2005

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Company No. 4590730

COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

XPERT GROUP LIMITED

(adopted by Special Resolution of the Company
passed on the 30 day of 2005)

March

1. TABLE A

Except as excluded or varied in these articles, Table A (as defined below) will apply to the Company and will be deemed to form part of these articles.

2. DEFINITIONS AND INTERPRETATION

2.1 In these articles the following words and expressions will have the following meanings:

"A and B Exit Return" means such sum as is calculated pursuant to Article 6.3;

"Accounting Period" means an accounting reference period of the Company beginning on 1 May and ending on the following 30 April, or such other date as is notified to the Registrar of Companies from time to time;

"Accounts" means the audited consolidated accounts of the Group;

"Acting in Concert" has the meaning given to it in the City Code on Takeovers and Mergers;

"Adjusted Profits" means in relation to any Accounting Period a sum equal to the consolidated net profit (if any) of the Group for that Accounting Period

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as shown in the Accounts for such period and adjusted (to the extent not already provided for) as follows:

- (a) before deducting the amount of all interest payments charged on or payable by the Group but after deducting the amount of interest payments charged on or payable by the Group to LDC in respect of the Loan Notes, and including the amount of all interest payments received;
- (b) before making any provision or reserve for or in respect of any taxation levied upon or assessed by reference to profits earned or gains realised in that Accounting Period;
- (c) before making any credit provision or reserve for or in respect of any exceptional items in accordance with Finance Reporting Standard 3;
- (d) before making any provision for the payment of any dividend or other distribution on any class of share in the Company or the transfer of any sum to reserves;
- (e) before any amortisation of goodwill arising on the acquisition of any company or business;

and any dispute as to the amount of Adjusted Profits will be determined in accordance with Article 2.4 whose provisions will apply as if set out in full in this definition;

"Allocation Notice" has the meaning given in Article 14.11;

"Approved Offer" has the meaning given in Article 17.2.1;

"Arrears" means the whole amount of any dividend payable on the A Shares or Preference Shares respectively pursuant to Article 5.1 which is unpaid for any reason on any Due Date, as increased in accordance with Article 5.3.2;

"A Share" means a cumulative convertible participating preferred A ordinary share of £0.10 in the Company;

"A Shareholder" means a registered holder of any A Shares;

"Audit Committee" means a standing committee of the Directors, named as such and comprising all the non-executive Directors and the finance Director;

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

"Authorised Bank" means an authorised person (within the meaning of section 31(2) of the FSMA) with a Part IV permission (within the meaning of section 40(4) of the FSMA) which includes accepting deposits, or otherwise authorised in respect of that activity under section 31(1) of the FSMA;

"Bad Leaver" means a Relevant Individual who ceases to be an employee and/or director and/or consultant of the Company or any member of the Group and who is not a Good Leaver. In this definition the Relevant Individual will be deemed to cease to be an employee and/or director and/or consultant on the Cessation Date;

"Bank" means Barclays Bank plc;

"Board" means the incumbent board of Directors including the Investor Director (if any);

"B Share" means a B ordinary share of £0.10 in the Company;

"B Shareholder" means a registered holder of any B Shares;

"Business Day" means a day (which for these purposes ends at 5.30pm) on which banks are open for commercial business in the City of London other than a Saturday or Sunday;

"Buyer" has the meaning give in Article 17.1.1;

"C and D Exit Return" means such sum as is calculated pursuant to Article 6.4;

"Cash Equivalent" means:

- (a) where the consideration comprises listed securities, the average of the middle market prices at the close of dealings on each of the five dealing days prior to the Exit Date;
- (b) where the consideration comprises loan notes, loan stock or other debt instruments guaranteed unconditionally by an Authorised Bank their face value (where the rate of interest is at least equivalent to the three month London Interbank Bid Rate) and, if less, such value will be discounted by reference to the discount rate implied in the flow of money from a gilt of equivalent maturity;
- (c) where the consideration comprises unlisted securities or other instruments not guaranteed by an Authorised Bank, such amount as the Members agree to be the fair current value of the same;
- (d) where the consideration comprises future fixed payments, such amount as the Members agree to be the fair current value of the same or, if they fail to agree the value, the value will be equal to the amount actually received when it is received;
- (e) where the consideration comprises future contingent payments, nil value at the Exit Date, but the value shall equal the amount actually received when it is received;

and any dispute as to the value of the Cash Equivalent will be determined in accordance with Article 2.4, whose provisions will apply as if set out in full in this definition;

"Cessation Date" means the date on which a Relevant Individual gives or is given notice of termination of his contract of employment or consultancy or the date of occurrence of a repudiatory breach by him of such contract (whichever is the earlier);

"Co-Investment Scheme" means a scheme under which certain officers, employees or partners of an Investor or of its advisor or manager are entitled

(as individuals or through a body corporate or any other vehicle) to acquire shares;

"Commencement Date" means the date on which these articles are adopted;

"Companies Act" means the Companies Act 1985 (as amended);

"Compulsory Sale Notice" means a notice served on a Compulsory Vendor pursuant to Article 16.3;

"Compulsory Seller" and **"Compulsory Sellers"** have the meanings given in Article 16.3;

"Connected Person" has the meaning given in section 839 of the Income and Corporation Taxes Act 1988;

"Controlling Interest" in relation to a person means the ownership by that person and his or its Connected Persons of Shares carrying the right to more than 90 per cent of the total number of votes which may be cast on a poll at a general meeting of the Company;

"Credited as Paid Up" means amounts paid up or credited as paid up on a Share including any premium;

"C Share" means a C ordinary share of £0.46 in the Company;

"C Shareholder" means a registered holder of any C Shares;

"Deferred Share" means a deferred share of £1.00 in the Company;

"Deferred Shareholder" means a registered holder of any Deferred Shares;

"Directors" means the directors of the Company from time to time;

"Drag Along Right" has the meaning given in Article 18.1;

"D Share" means a D ordinary share of £0.46 in the Company;

"D Shareholder" means a registered holder of any D Shares;

"Due Date" means the due date or dates for payment of any dividend on the A Shares and the Preference Shares respectively pursuant to Article 5.2.3 to Article 5.2.5 (inclusive) (as the case may be);

"Electronic Communication" means any communication transmitted by way of fax or email;

"Employee Benefit Trust" means any trust which may be established for the benefit of the employees (which may include past employees) of the Company and/or any other member of the Group, and which satisfies the definition of an "employees' share scheme" set out in section 743 of the Companies Act;

"Equity Shareholder" means a registered holder of any Equity Shares;

"Equity Shares" means the issued A Shares and the Ordinary Shares at any time, and all shares derived from them (and any of them) whether by conversion, consolidation or sub-division or by way of rights or bonus issue or otherwise in issue;

"Existing Employees" means any person or persons who is or are (an) existing Director(s) and/or employee(s) of the Company or any member of the Group;

"Exit" means a Realisation or Liquidation;

"Exit Date" means a Listing Date, a Sale Date or a Liquidation Date, as the case may be;

"Exit Return" means such sum as is calculated pursuant to Article 6.3;

"Exit Proceeds" means:

- (a) in the event of a Share Sale, the aggregate price paid for or properly attributable to the Equity Shares, the E Shares and the F Shares in issue immediately prior to the Exit (including any Cash Equivalent

Value), after deduction of, or assuming repayment of all Arrears and accruals of unpaid dividends of the A Shares and the Preference Shares and after deduction of, or assuming repayment of:

- (i) all borrowings and indebtedness of any nature of the Group which are taken into account when calculating the amount of proceeds to be received by the Members on an Exit or which, as part of the terms of the Share Sale, it is agreed will be repaid by the Members selling Shares (or any of them) or which any such Members retain responsibility;
 - (ii) all professional costs incurred in connection with the Share Sale;
- (b) in the event of a Listing, the Market Capitalisation; and
- (c) in the event of a Liquidation, such sum as may be surplus and available for distribution to the holders of Equity Shares and the E Shares after settlement of all debts and liabilities of the Company;

"Extra Shares" has the meaning given in Article 14.8;

"E Share" means an E ordinary share of £1.00 in the Company;

"E Shareholder" means a registered holder of any E Shares;

"F Exit Return" means such sum as is calculated pursuant to Article 6.5;

"F Share" means an F ordinary Share of £0.000001 in the Company;

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

"Facility Agreement" has the meaning given in the Investment Agreement;

"Family Trust" means a trust (whether arising under a settlement, declaration of trust, testamentary disposition or on an intestacy) under which the only persons being (or capable of being) beneficiaries are the individual beneficial owner of the Shares held in trust and/or his Privileged Relations, and no power of control over the voting powers conferred by such Shares is

exercisable at any time by or subject to the consent of any person other than the trustees as trustees or such individual beneficial owner or his Privileged Relations;

"Fixed Dividend" means the cumulative fixed cash dividend payable on the A Shares in accordance with Article 5;

"FSMA" means the Financial Services and Markets Act 2000;

"Fund" means any investment trust or investment company (both within the meaning of chapter 21 of the listing rules issued by the UK Listing Authority), bank, building society, industrial and provident or friendly society, unit trust, any other collective investment scheme (as defined in section 235 of the FSMA), any intermediate customer (within the meaning of the Conduct of Business Rules made under the FSMA), partnership, limited partnership, limited liability partnership, pension fund or insurance company or any person who is an authorised person (within the meaning of section 31(2) of the FSMA), and the term will include any subsidiary undertaking of any of the foregoing and any co-investment scheme in relation to any of the foregoing;

"Good Leaver" means a Relevant Individual:

- (a) who ceases to be an employee and/or director and/or consultant of any Group Member as a result of his death, permanent incapacity due to ill-health (except where such ill-health arises as a result of an abuse of drink or drugs) entitling the Company to dismiss him; or
- (b) who does not fall within category (a) above, but is determined by the Board (with the consent of the Investor Director) within one month following the Cessation Date to be a Good Leaver.

In this definition the Relevant Individual will be deemed to cease to be an employee on the Cessation Date.

"Group" means the Company and its subsidiaries (as defined by section 736 Companies Act) from time to time and references to a **"Member of the Group"** or a **"Group Member"** will be construed accordingly;

"Investment Agreement" means an agreement dated on 1 February 2003 and made between (1) the Company (2) the Managers (3) the Investors;

"Investor Director" means a director appointed as such pursuant to Article 35;

"Investors" means LDC and LDC Co-Investment Plan 2001A and the LDC Co-Investment Plan 2001B (each of which co-investment plans are limited partnerships and each of which shall include the nominee company holding shares in trust for such co-investment plans);

"Liquidation" means the passing of a resolution for the winding-up of the Company or the granting of an order for the winding up of the Company;

"Liquidation Date" means the date of a Liquidation;

"Listing" means:

- (a) the admission of all or any of the Equity Shares to trading on a market for listed securities operated by the London Stock Exchange plc, together with the admission of such Shares to the Official List of the UK Listing Authority; or
- (b) the admission of such Shares to the Alternative Investment Market of the London Stock Exchange plc;

and **"listed"** will be construed accordingly;

"Listing Date" means the date on which all or any of the Equity Shares are Listed (subject only (where relevant) to any announcement under rule 7.1 of the Listing Rules or under equivalent rules applicable in any other jurisdiction);

"Listing Rules" means the rules of the UK Listing Authority;

"Loan Notes" means the £1,900,000 secured eighteen point forty two per cent (18.42%) fixed rate loan notes 2009 granted by Xpert Communications Limited constituted by the Loan Note Deed;

"Loan Note Deed" means the deed dated 22 July 2003 as amended by deed of variation on today's date constituting the Loan Note;

"LDC" means Lloyds TSB Development Capital Limited;

"Managers" means Raymond Cross, Martin Balaam, Gary Barton, Bruce Wright, David Hardcastle or any of them and any other employee or consultant of the Group who at any time owns Shares;

"Market Capitalisation" means the valuation placed on all of the Equity Shares on the Listing Date, as shown in the prospectus or listing particulars published in connection with the Listing, less the gross amount of any new money raised by the Company in connection with the Listing from a subscription for new shares;

"Market Value" has the meaning given in Article 15 in relation to voluntary share transfers, and in Article 16.6 in relation to compulsory share transfers;

"Member" means a registered holder of any Share as recorded in the Company's register of members;

"New Employee" means a person or persons (whether or not then ascertained) whom it is proposed should be appointed as a Director and/or employee of the Company or any member of the Group;

"Official List" means the official list of the UK Listing Authority;

"Ordinary Share" means a B Share or a C Share or a D Share;

"Original Member" means a beneficial owner (being an individual) of Shares;

"Other Shareholders" has the meaning given in Article 18.1;

"Participating Dividend" means the cumulative participating cash dividend payable on the A Shares in accordance with Article 5;

"Preference Dividend" means the cumulative fixed cash dividend payable on the Preference Shares in accordance with Article 5;

"Preference Share" means a cumulative redeemable preference share of £1 in the capital of the Company;

"Preference Shareholder" means the registered holder of any Preference Shares;

"Privileged Relation" means in relation to any Member, the Member's spouse or parent and all lineal descendants of that Member (including for this purpose any step-child, adopted child or illegitimate child of the Member or his lineal descendants);

"Proportionate Entitlement" has the meaning given in Article 14.8;

"Proposed Transferee" means a person to whom a Seller proposes to transfer Sale Shares;

"PRs" means the legal personal representatives of a deceased Member;

"Realisation" means a Share Sale or a Listing;

"Redemption Monies" in relation to the Preference Share means a sum equal to the Redemption Price plus all Preference Share Arrears and accruals of the Preference Dividend (whether earned or declared or not) calculated down to the redemption date in question;

"Redemption Price" means in relation to a Preference Share, a sum equal to the amount Credited as Paid Up on such share;

"Relevant Individual" means an employee or director or consultant of any Group Member;

"Relevant Percentage" means that percentage of the issued Equity Shares represented by B Shares in issue on an Exit;

"Remuneration Committee" means a standing committee of the Directors, named as such and comprising the Chief Executive of the Company and the Investor Directors or, if there is no Investor Director, any other non-executive Director;

"Sale Date" means the date of completion of a Share Sale;

"Sale Shares" means Shares which a Seller wishes to transfer;

"Seller" means any Member who wishes to transfer any Shares;

"Share" means a share in the Company;

"Share Sale" means the completion of any transaction or series of transactions whereby any person or Connected Persons or group of persons acting in concert purchases or otherwise acquires or obtains all of the Equity Shares;

"Table A" means Table A in the schedule to the Companies (Tables A to F) Regulations 1985 (SI 1985 No. 805) as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (SI 1985 No. 1052) and the Companies Act 1985 (Electronic Communications) Order 2000;

"Total Transfer Condition" means a condition in a Transfer Notice stipulating that such Transfer Notice is conditional upon all and not some only of the Sale Shares specified in it being sold;

"Transfer Notice" means a notice in writing by a Seller of his wish to transfer any Shares;

"Transfer Price" has the meaning given in Article 14.4;

"UK Listing Authority" means the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA including, where the context so permits, any committee, employee, officer or servant to whom any function of the UK Listing Authority may for the time being be delegated; and

"Warrants" means the warrants issued to the Bank on 1 February 2003 giving the Bank the right to subscribe for up to 7875 B Shares.

- 2.2 Words and phrases which are defined or referred to in or for the purposes of the Companies Act or Table A have the same meanings in these articles unless a contrary intention appears.
- 2.3 In these articles, unless a contrary intention appears:
- 2.3.1 words which refer to the singular number include the plural number and vice versa, words which refer to one gender include all genders, and words which refer to persons include bodies corporate and unincorporated associations;
 - 2.3.2 reference to a statute or a statutory provision includes reference to:
 - 2.3.2.1 the statute or statutory provision as modified or re-enacted or both from time to time; and
 - 2.3.2.2 any subordinate legislation made under the statutory provision (as modified or re-enacted as set out above);
 - 2.3.3 reference to a Regulation is to a regulation of Table A, and reference to an Article is to a provision of these articles;
 - 2.3.4 reference to a **"transfer"** of Shares or any similar expression will be deemed to include (without limitation):
 - 2.3.4.1 any sale or other disposition of the legal or equitable interest in a Share (including any voting right attached to a Share) (**"Interest"**);
 - 2.3.4.2 the creation of any mortgage, charge, pledge or other encumbrance over any Interest;
 - 2.3.4.3 any direction by a Member entitled to an allotment or issue of Shares that a Share be allotted or issued to some person other than himself; and

- 2.3.4.4 any grant of an option to acquire either or both of the legal and equitable ownership of any Share by any Member entitled to any such Share;
- 2.3.5 reference to a "**group undertaking**" means, in relation to any undertaking, its holding company (if any) and its subsidiaries (as such terms are defined by section 736 Companies Act) and any other subsidiaries of its holding company;
- 2.3.6 reference to an address for the purposes of any Electronic Communication means any number or address used for the purpose of such communication; and
- 2.3.7 reference to "written" or "in writing" includes any method of representing or reproducing words in a legible form including, for the avoidance of doubt, Electronic Communication.
- 2.4 Unless it is specifically stated otherwise, any dispute as to value, or as to calculations or adjustments to be made, or as to amount, whether to or in respect of Adjusted Profits, Cash Equivalent, Market Capitalisation, Exit Proceeds, amount of dividend by reference to management accounts under Article 5.5, Market Value of Sale Shares under Articles 15 or 16.6 or otherwise pursuant to these articles, will be referred immediately for final determination to the Auditors or, if the majority of the A Shareholders and a majority of the C Shareholders agree otherwise or if the Auditors decline to act in respect of any such referral, the matter will be determined by an independent firm of chartered accountants agreed for the purpose by the parties concerned or, in default of agreement within five Business Days after the Auditors have declined to act, appointed by the incumbent president of the Institute of Chartered Accountants in England and Wales. The Auditors or independent accountants (as the case may be) will act as expert and not as arbitrator and their costs will be borne as directed by the Article in question or, if the Article is silent on the point, as directed by the Auditors/independent accountants. In the absence of any such direction, such costs will be borne equally between parties concerned. The written certificate of the Auditors/independent accountants (as the case may be) will

be conclusive and binding on the Company and the Members (except in the case of fraud or manifest error).

2.5 The headings in these articles are included for convenience only and do not affect the meaning of these articles.

2.6 Where, for any purpose, an ordinary resolution of the Company is required, a special or an extraordinary resolution is also effective for that purpose, and where, for any purpose, an extraordinary resolution is required, a special resolution is also effective for that purpose.

3. SHARE CAPITAL

The authorised share capital of the Company at the date of adoption of these articles is £8,386,436.04 divided into:

- 3.1 404,360 A Shares;
- 3.2 7,875 B Shares;
- 3.3 134,757 C Shares;
- 3.4 82,942 D Shares;
- 3.5 460,875 E Shares;
- 3.6 2,000,000 F Shares;
- 3.7 262,000 Deferred Shares; and
- 3.8 7,522,194 Preference Shares.

4. SHARE RIGHTS

Regulation 2 will not apply to the Company. The rights and restrictions attaching to the A Shares, B Shares, C Shares, D Shares, E Shares, F Shares, Deferred Shares and Preference Shares are set out in full in these articles.

5. SHARE RIGHTS - INCOME

Cumulative dividends - priority order and payment

5.1 The profits of the Company which are available for lawful distribution in respect of each Accounting Period will be applied in the following order and priority:

Priority	Class of Share	Name of Dividend	Period (if applicable)	Rate
1.	Preference Shares	Preference Dividend	per annum	10.69% of the nominal value of the Preference Shares
2.	A Shares	Fixed Dividend	per annum	8% of amount Credited as Paid Up on A Shares
3.	A Shares	Participating Dividend	1 May 2002 to 30 April 2003	5% of the Adjusted Profits in the Accounting Period less the amount of the Fixed Dividend paid in that Accounting Period divided equally between all the A Shares at the end of the period
			1 May 2003 to 30 April 2004	7.5% of the Adjusted Profits in the Accounting Period less the amount of the Fixed Dividend paid in that Accounting Period
			all subsequent Accounting Periods	10% of the Adjusted Profits in the Accounting Period less the amount of the Fixed Dividend paid in that Accounting Period

5.2 The following will apply in respect of the dividends set out in the table in Article 5.1:

- 5.2.1 the dividends will be paid in cash;
- 5.2.2 the dividends will accrue on a daily basis;
- 5.2.3 the Preference Dividend will be at the discretion of the Company and if the Company chooses to declare the Preference Dividend will be paid by two equal instalments on 30 April and 31 October in each year in respect of the six month period ending on those dates, except that the first of such payments will be made on 31 October 2004 and shall be calculated in respect of the period from 30 April 2004 to 31 October 2004;
- 5.2.4 the Fixed Dividend will be paid by two equal instalments on 30 April and 31 October in each year in respect of the six month period ending on those dates, except that the first of each such payments will be made on 30 April 2003 and shall be calculated in respect of the period from 14 May 2001 to 30 April 2003;
- 5.2.5 the Participating Dividend will be participating and will be paid within 30 days after the annual general meeting of the Company at which the Accounts for the relevant Accounting Period are presented (which must not be later than four months after the end of that Accounting Period);
- 5.2.6 any amount of dividend will belong to and be paid to the holders of the relevant class of shares pro rata according to their holdings of such class and also, in the case of the Participating Dividend, pro rata to the number of complete days in the Accounting Period in question for which the respective A Shareholders have been registered holders of A Shares;
- 5.2.7 the dividends will all be cumulative. Notwithstanding anything contained in Regulations 102 to 108 (inclusive) and save in relation to the Preference Dividend the Company does not need to declare them. Any such dividend, as increased pursuant to Article 5.3.2, will become a debt due from and immediately payable by the Company to the

Member or Members to whom it is payable on the date or dates set out in Article 5.2.8 without any requirement for a recommendation of the Directors or a resolution of the Members in general meeting in respect of that dividend;

5.2.8 for the purposes of Article 5.2.7 the date or dates on which any such dividend will become a debt will be:

5.2.8.1 the Due Date if such debt can lawfully arise on such date or dates; or

5.2.8.2 otherwise as soon afterwards as such debt can lawfully arise.

5.3 If the Company fails to pay in full any of the dividends set out in the table in Article 5.1 on any Due Date:

5.3.1 on the Due Date in question (but subject to Articles 5.3.3 and 5.4) the Company will pay to the relevant Members on account of the relevant dividends and in the order of priority set out in the table in Article 5.1, the maximum sum (if any) which can lawfully be paid by the Company;

5.3.2 the whole amount of any unpaid dividend from the date upon which it can be lawfully paid will be increased by 3% per annum above the base lending rate of Barclays Bank plc (such amount accruing on a daily basis from such date until the date or dates of actual payment);

5.3.3 all Arrears will be carried forward and on each succeeding Due Date the Company will pay on account of any outstanding balance, in the order of priority set out in Article 5.4, such amount as can then lawfully be paid, and this procedure will continue until such time as the relevant Arrears have been paid in full.

- 5.4 Whenever there are Arrears outstanding, any profits of the Company which are available for lawful distribution will be applied in the following order and priority:

Priority	Application of Profits
1.	Payment of all Arrears of Preference Dividend
2.	Payment of Preference Dividend accruing subsequently
3.	Payment of all Arrears of Fixed Dividend
4.	Payment of all Arrears of Participating Dividend
5.	Payment of Fixed Dividend accruing subsequently
6.	Payment of Participating Dividend accruing subsequently

Dividends - general

- 5.5 If at any time it is not possible to determine the amount of any dividend or payment by reference to any Accounts, such amount will be determined by reference to the latest available management accounts. Any dispute as to such amount will be determined in accordance with Article 2.4, whose provisions will apply as if set out in full in this Article.

- 5.6 The E Shareholders and the Deferred Shareholders shall not be entitled to participate in any dividend or other distribution.

6. SHARE RIGHTS - RETURN OF CAPITAL AND EXITS

- 6.1 On a return of capital of the Company (other than a redemption of shares or the purchase by the Company of its own shares), the surplus assets and retained profits of the Company available for distribution among the Members shall, subject to Article 8 be applied in the following order and priority:

Priority	Class of Share	Amount to be paid:
1.	C and D Shares	The C and D Exit Return

Priority	Class of Share	Amount to be paid:
2.	F Shares	The F Exit Return
3.	Preference Shares	Amounts Credited as Paid Up on all issued Preference Shares, together with an amount equal to all Arrears and accruals of Preference Dividend (whether earned or declared or not).
4.	B Shares	The Relevant Percentage of the A and B Exit Return
	A Shares	The balance of the A and B Exit Return
5.	A Shares	Amounts Credited as Paid Up on all issued A Shares, together with an amount equal to all Arrears and accruals of unpaid dividends on the A Shares whether earned or declared or not
6.	Ordinary Shares	Amounts Credited as Paid Up on all issued Ordinary Shares (pari passu as if the same constituted one class of share)
7.	E Shares	the nominal value of all issued E Shares
8.	B Shares	In respect of the Exit Proceeds up to £15,000,000
	A Shares	The Relevant Percentage 65% of the balance after allocation of the amount due in respect of the B Shares
	C and D Shares	35% of the balance after allocation of the amount due in respect of the B Shares
9.		In respect of the Exit Proceeds in excess of £15,000,000 and up to £150,000,000
	B Shares	The Relevant Percentage

Priority	Class of Share	Amount to be paid:
	A Shares	50% of the balance after allocation of the amount due in respect of the B Shares
	C and D Shares	50% of the balance after allocation of the amount due in respect of the B Shares
10.	Deferred Shares	In respect of Exit Proceeds in excess of £150,000,000, the amount credited as paid up on all issued Deferred Shares
	B Shares	The Relevant Percentage
	A Shares	50% of the balance after allocation of the amount due in respect of the Deferred Shares and the B Shares
	C and D Shares	50% of the balance after allocation of the amount due in respect of the Deferred Shares and the B Shares

6.2 Any return on some but not all of any Shares of a particular class will be made amongst their holders pro rata as nearly as possible to their respective holdings of Shares of that class.

6.3 The A and B Exit Return shall be calculated as follows:

6.3.1 one million and ninety five thousand pounds (£1,095,000) occurring in the event of an Exit within 12 months of 1 February 2003;

6.3.2 one million three hundred and sixty two thousand pounds (£1,362,000) in the event of an Exit occurring after 12 months but within 21 months of 1 February 2003;

6.3.3 one million seven hundred and thirty three thousand pounds (£1,733,000) in the event of an Exit occurring after 21 months but within 30 months of 1 February 2003; and

6.3.4 two million one hundred and eighty nine thousand pounds (£2,189,000) in the event of an Exit occurring after 30 months of 1 February 2003.

6.4 The C and D Exit Return shall be the sum of £1,445,001;

6.5 The F Exit Return shall be the sum of £1,153,058.

7. SHARE RIGHTS - REDEMPTION

Events Triggering Redemption

7.1 The Company may at any time redeem all or any of the issued Preference Shares by serving notice on the Preference Shareholders specifying a date (being not less than seven days after the date of the notice) and the particular Preference Shares to be redeemed.

Amount payable

7.2 The amount payable on each Preference Share redeemed will be a sum equal to the Redemption Monies calculated in respect of that Share.

Redemption Date

7.3 Subject to Article 7.4, the redemption date for any redemption will be

7.3.1 the date specified in the notice from the Company to the Preference Shareholders.

7.4 If the Company is unable lawfully to redeem out of distributable profits any of the Preference Shares due to be redeemed on any of the redemption dates set out in this Article 7, it will effect such redemption as soon afterwards as it is lawfully able to so redeem them and "redemption date" shall be construed accordingly.

Manner of Redemption

7.5 On redemption date:

- 7.5.1 the Redemption Monies (to the extent that they do not already constitute the same) will become a debt due and payable by the Company to the Preference Shareholders;
- 7.5.2 each of the Preference Shareholders whose shares are to be redeemed will deliver to the Company the share certificate(s) for such shares and the Company will cancel the same;
- 7.5.3 the Company, subject to receipt of the relevant share certificate or an indemnity in lieu of the share certificate in a form reasonably satisfactory to the Company, will pay the Redemption Monies to the relevant Preference Shareholders;
- 7.5.4 the Preference Dividend will cease to accrue in respect of any Preference Shares due to be redeemed on that date unless, on presentation of the share certificate(s) or an indemnity in lieu of the share certificate(s), the Company fails to make payment of the Redemption Monies, in which case the Preference Dividend will continue to accrue until the actual date of payment; and
- 7.5.5 any redemption of some but not all of any Preference Shares will be made amongst their holders pro rata as nearly as possible to their respective holdings of Preference Shares.

8. SHARE RIGHTS - RATCHET ADJUSTMENTS

- 8.1 On an Exit, the Exit Proceeds shall be allocated amongst the members in accordance with Article 6.1 as if the Exit were a return of capital under Article 6.1.
- 8.2 All Exit Proceeds payable to the holders of a class of share shall be payable to members holding shares of that class pro rata as nearly as possible to their respective holdings of each shares (with the C Shares and D Shares being treated as one class for these purposes). On a Share Sale, the Members selling Shares shall (unless otherwise agreed by the holders of a majority of the A Shares and the holders of a majority of the C Shares) pay the cash proceeds thereof (whenever received) into a joint account at a UK clearing

bank nominated by the A Shareholders immediately prior to the Share Sale and such proceeds shall be allocated and paid out to Members in accordance with this Article 7.5.5.

8.3 In the case of a Share Sale any consideration which is not payable in cash or which is payable in a combination of cash and any other form of consideration (whether contingent or not and whether payable at completion or not), shall be treated as part of the Exit Proceeds (whenever and if received) and allocated amongst the Members in order to ensure that the Exit Proceeds are allocated between the Members in the proportions provided for by this Article 7.5.5.

8.4 Immediately prior to and conditionally upon a Listing the Members shall enter into such reorganisation of the share capital of the Company as they may agree or, in default, as the A Shareholders may reasonably specify, to ensure that the Exit Proceeds are allocated between the Members in the same proportions as the preceding provisions of this Article 7.5.5 would provide on a Sale resulting in those Exit Proceeds.

9. SHARE RIGHTS - VOTING

9.1 The voting rights of Members set out in Article 24 are subject to:

9.1.1 the following provisions of this Article 9; and

9.1.2 Articles 16.8 and 16.9 (suspension of voting rights during compulsory transfer procedure).

Preference Shares

9.2 Preference Shareholders will have the right to receive notice of, and to attend and speak at general meetings of the Company.

Swamping Rights

9.3 If at the date of any general meeting of the Company at a time when neither Raymond Cross nor Martin Balaam is the Chief Executive of the Company:

9.3.1 there has been a breach of the Investment Agreement or these articles by either the Company or the Ordinary Shareholders which has or might reasonably be considered likely to have a material and adverse effect on the A Shareholders' investment in the Company; or

9.3.2 more than seven days have elapsed since the due date for payment of any instalment of interest under the Loan Notes without payment having been made in full of such instalment; or

9.3.3 the Company has failed or been unable to redeem any of the Loan Notes on the due dates for redemption; or

9.3.4 any act, omission or event has occurred which constitutes or may constitute (with the passage of time or the giving of notice) an event of default under the Facility Agreement;

9.3.5 the Company has not redeemed the Preference Shares on the relevant redemption date set out in Article 7.3; or

9.3.6 the Company has not paid for any reason any dividend payable on the A Shares or the Preference Shares within 30 days of a Due Date for payment and such dividend has not subsequently been paid

Article 9.4 will apply.

9.4 On the occurrence of an event specified in Article 9.3, LDC may at any time give notice to the Company that it knows or believes that such an event has occurred whereupon immediately following such notice and for so long as the circumstances comprising such event continue to subsist, (or if earlier, until the A Shareholders specify otherwise) the A Shareholders will be entitled to vote at every general meeting of the Company in accordance with Article 24, except that the number of votes attaching to the A Shares at any such

general meeting will represent 95 per cent of the voting rights attaching to all Shares after the application of this Article.

10. VARIATION OF SHARE RIGHTS

10.1 The rights attached to the Preference Shares, A Shares, B Shares, C Shares and F Shares may, in each case, be altered or abrogated (whether or not the Company is being wound up) only with the prior consent of the holders of the issued Shares of that class given in accordance with Article 10.2.

10.2 The consent of the holders of such classes of Shares may be given by:

10.2.1 a special resolution passed at a separate general meeting of the holders of that class;

10.2.2 a written resolution in any form signed by or on behalf of the holders of not less than 75 percent in nominal value of the issued Shares of that class.

10.3 Without prejudice to the general effect of Article 10.1, the following will be deemed to constitute a variation of the rights attached to the A Shares and/or the Preference Shares:

10.3.1 any variation of the rights attaching to the Preference Shares, A Shares or the Ordinary Shares;

10.3.2 the convening of a meeting to consider the passing of any resolution to reduce the Company's share capital or any amount standing to the credit of its share premium account or capital redemption reserve fund, or to reduce any uncalled liability in respect of partly paid shares;

10.3.3 the convening of a meeting to consider the passing of any resolution to alter the Company's memorandum or articles of association;

10.3.4 the payment of any distribution or return of a capital nature to any shareholder other than to the A Shareholders or Preference Shareholders in accordance with these articles;

- 10.3.5 the capitalisation of any undistributed profits (whether or not the same are available for distribution, and including profits standing to the credit of any reserve) or of any sums standing to the credit of the Company's share premium account or capital redemption reserve fund;
- 10.3.6 the payment of any distribution or return of an income nature to any shareholder otherwise than in accordance with these articles and/or the Loan Note Deed;
- 10.3.7 any variation of the authorised or issued share capital of any Group Member (other than a wholly owned subsidiary of the Company) except for the issue of shares pursuant to the Warrants;
- 10.3.8 the creation or grant of any option or other right to subscribe for, convert into or issue any shares or other securities in the capital of any Group Member; or
- 10.3.9 the taking of any steps to wind up or dissolve any Group Member.
- 10.4 The rights attaching to the D Ordinary Shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority or pari passu with or subsequent to such shares except in the case of D Shares arising by virtue of Article 10.5 but only where such D Shares are held by Raymond Cross or Martin Balaam.
- 10.5 In the event of a Relevant Individual (other than Raymond Cross and Martin Balaam) who holds C Shares ceasing to hold office as a director of the Company but remaining as an employee such that no Transfer Notice is issued by such person, any C Shares held by such Relevant Individual shall upon such Relevant Individual ceasing to hold such office be immediately and without resolution of the board or the Members be converted into D Shares.

11. ISSUE AND ALLOTMENT OF NEW SHARES

- 11.1 Subject to Article 11.2, and unless the Company by special resolution directs otherwise, any new Shares will be offered by the Directors for subscription to

the holders of the Equity Shares (other than D Shares except in the case of D Shares arising by virtue of Article 9.5 but only where such D Shares are held by Raymond Cross or Martin Balaam) in such proportions as equal (as nearly as possible) the proportion of such shares held by them respectively at that time. For the purpose of this Article, the Equity Shares (other than D Shares) will be treated as one class of Share.

- 11.2 The provisions of Article 11.1 shall not apply for so long as the A Shareholders have enhanced voting rights in accordance with Article 9.4.
- 11.3 The offer will be made by notice specifying the number and class of Shares offered, the price per Share, and a time (being not less than 20 days or more than 30 days) within which the offer, if not accepted, will be deemed to be declined. At the end of that period or, if earlier, on the receipt of an indication from the person(s) to whom such notice is given that he/they decline(s) to accept some or all of the Shares so offered, the Directors will offer the declined Shares in the same proportions to the holders of Equity Shares who have accepted all the Shares initially offered to them. This further offer will be made in the same manner as the original offer but may, at the discretion of the Directors, be limited to a period of seven days after which it will (to the extent that any Shares remain unaccepted) will be deemed to have been withdrawn.
- 11.4 Any Shares not taken up at the end of the procedure set out in Articles 11.1 and 11.3 may be offered by the Directors to a third party (to be approved by LDC (such approval not to be unreasonably withheld or delayed) and, subject to these articles, the provisions of section 80 of the Companies Act and to the prior approval of LDC such Shares will be at the disposal of the Directors who may allot, grant options over or otherwise dispose of them to such persons at such times and generally on such terms as they think fit. However:
- 11.4.1 no Shares will be issued at a discount;
- 11.4.2 no Shares will be issued more than three months after the end of the period for acceptance of the last offer of such Shares under Articles

11.1 and 11.3 unless the procedure set out in those Articles is repeated in respect of such Shares; and

11.4.3 no Shares will be issued on terms which are more favourable than those on which they were offered to the Members.

11.5 The provisions of Articles 11.1 to 11.4 will apply to all equity securities (as defined in section 94(2) of the Companies Act) of the Company which may be created from time to time.

11.6 The provisions of sections 89(1) and 90(1) to (6) of the Companies Act will not apply to the Company.

11.7 If, due to any inequality between the number of new Shares to be issued and the number of Shares held by Members entitled to have the offer of new Shares made to them, any difficulty arises in the apportionment of any such new Shares amongst the Members, such difficulties will be determined by the Board with the consent of the Investor Director.

12. TRANSFERS OF SHARES - PROHIBITED TRANSFERS

General Prohibitions

12.1 No transfer of Ordinary Shares shall be registered by the Board without the prior written consent of LDC if it would result in a majority of the Ordinary Shares being owned legally or beneficially by any person or persons who are not Managers.

12.2 The Directors will not register any transfer of Shares to any of the following:

12.2.1 any person who, in the opinion of the Directors is carrying on business directly or indirectly in competition with the Company or any member of the Group, except this restriction will not apply to:

12.2.1.1 any transfer of Shares pursuant to Articles 17 and 18 (Tag Along Rights and Drag Along Rights); or

12.2.1.2 any transfer of shares to the Investors or any of them; or

12.2.2 any person who is a minor or who does not have legal capacity to transfer such Shares or otherwise to comply fully with the provisions of these articles.

Prohibition unless in accordance with those articles

12.3 Subject to Articles 12.1 and 12.2, the Directors will not register a transfer of Shares unless:

12.3.1 the transfer is permitted by Article 13, (Permitted Transfers), or has been made in accordance with Article 14 (Pre-emption); and

12.3.2 the proposed transferee has entered into a deed of adherence to, and in the form required by the Investment Agreement.

12.4 For the purpose of ensuring that:

12.4.1 a transfer of shares is permitted under these articles; or

12.4.2 no circumstances have arisen whereby a Transfer Notice is required to be or ought to have been given; or

12.4.3 no circumstances have arisen whereby the tag along provisions are required to be or ought to have been triggered pursuant to Article 17

the Board may, and will if so requested by the Investor Director, require any Member to procure that any person whom the Board or the Investor Director reasonably believe to have information relevant to such purpose provides the Company with such information and evidence as the Board or the Investor Director think fit. Pending the provision of such information the Board will be entitled to refuse to register any relevant transfer.

12.5 Regulations 24 and 26 will not apply to the Company.

13. PERMITTED TRANSFERS

13.1 Where any Shares are the subject of a Transfer Notice, no transfers of any such Shares shall be permitted pursuant to this Article 13.

13.2 Notwithstanding any other provision of these Articles the Preference Shares shall be freely transferable.

13.3 Subject to Articles 13.1 and Articles 13.4 to 13.6 (inclusive), any Share may be transferred:

13.3.1 subject to Article 13.4, by its beneficial owner to a person shown to the reasonable satisfaction of the Investor Director to be a nominee for such beneficial owner only, and by any such nominee to the beneficial owner or to another person shown to the reasonable satisfaction of the Investor Director to be a nominee for the beneficial owner only; or

13.3.2 subject to Article 13.4 and with the prior written consent of the Investor Director, by its beneficial owner (being an individual) to the trustee or trustees of a Family Trust, and by any such Privileged Relation(s) or trustee(s) to the beneficial owner, or to any other person or persons shown to the reasonable satisfaction of the Investor Director to be a trustee or trustees for the time being (on a change of trustee) of the Family Trust in question provided always that not more than fifty per cent of his shares are transferred in accordance with this Article 13.3.2; or

13.3.3 subject to Article 13.4 and with the prior written consent of the Investor Director, by an Original Member to his or her Privileged Relation(s), and by any such Privileged Relation(s) to the Original Member, or to any other person or persons shown to the reasonable satisfaction of the Investor Director to be a Privileged Relation of the Original Member provided always that not more than fifty per cent of his shares are transferred in accordance with this Article 13.3.3; or

13.3.4 when required by, and in accordance with, Article 16 Compulsory Transfers; or

13.3.5 to a Buyer in acceptance of an Approved Offer pursuant to Article 17 (Tag Along Rights) or Article 18 (Drag Along Rights);

13.3.6 in the case of Shares held by an undertaking, subject to Article 13.5, to a group undertaking of the transferor; or

13.3.7 in the case of A Shares, E Shares held by or on behalf of a Fund:

13.3.7.1 to another nominee or trustee for, or general partner of, the Fund, and by any such nominee or trustee to another nominee or trustee for that Fund or to the Fund itself; or

13.3.7.2 on a distribution in kind under the constitutive documents of the Fund, to the partners in or holders of units in, or to the shareholders of, participants in or the holders of other interests in the Fund (or to a nominee or trustee for any such partners, holders, members or investors), and by a nominee or trustee for such holders, partners, members or investors to such holders, partners, members or investors or to another nominee or trustee for such holders, partners, members or investors; or

13.3.7.3 to another Fund which is managed or advised by the same manager or advisor as the transferor (or as the Fund on behalf of whom any such Share is held by the transferor as nominee or trustee) or by a group undertaking of such manager or advisor; or

13.3.8 (in the case of A Shares, E Shares only) to a Co-Investment Scheme; or

13.3.9 in the case of a Co-Investment Scheme which holds A Shares and/or E Shares through another undertaking:

13.3.9.1 to another undertaking which holds or is to hold the Shares for the Co-Investment Scheme; or

13.3.9.2 to any officer, employee or partner entitled to the Shares under the Co-Investment Scheme; or

13.3.10 in the case of any Shares held by an Employee Benefit Trust, to any beneficiary of that trust or to any replacement trustees or into the joint name of the existing and any new or additional trustees; or

13.3.11 in the case of any shares held on trust for Existing Employees or New Employees to Existing Employees to Existing Employees or New Employees as the case may be.

Further transfers by privileged relatives, group members etc.

13.4 Where Shares are held by one or more nominees of their beneficial owner, or by a trustee or trustees on a Family Trust or by one or more Privileged Relations of an Original Member and any such person ceases to be:

13.4.1 a nominee of the beneficial owner of the Shares; or

13.4.2 a trustee of the Family Trust of the beneficial owner of the Shares; or

13.4.3 a Privileged Relation of the Original Member

such person will on or before the cessation transfer such Shares to a transferee permitted (as the case may be) under Article 13.3.1, Article 13.3.2 or Article 13.3.3.

13.5 Where Shares have been transferred under Article 13.3.6 (transfers to group undertakings) and the transferee ceases to be a group undertaking of the transferor, it will, on or before the cessation, transfer such Shares to the original transferor or to another group undertaking of the original transferor.

13.6 If a Member fails or refuses to execute and deliver any transfer in respect of any Shares pursuant to its obligations under Article 13.4 or Article 13.5, the Board may (and will if requested by the Investor Director) authorise any Director to execute and deliver the necessary transfer(s) on the defaulting Member's behalf. The Board will authorise registration of the transfer, and of the transferee as the holder of the Shares so transferred, once appropriate stamp duty (if any) has been paid. After registration, the title of the transferee as registered holder of such Shares will not be affected by any

irregularity in or invalidity of such proceedings, which, will not be questioned by any person.

14. PRE-EMPTION

Transfer Notices

14.1 Except in the case of a transfer pursuant to Article 13 (Permitted Transfers), and subject to the prohibitions on transfers set out in Article 12, a Seller must give a Transfer Notice to the Company.

14.2 Each Transfer Notice will (except as provided in Article 16 (Compulsory Transfers)) relate to one class of Shares only and will specify:

14.2.1 the number and class of Sale Shares;

14.2.2 the identity of the Proposed Transferee (if any);

14.2.3 the price per Share at which the Seller wishes to transfer the Sale Shares; and

14.2.4 whether or not the Transfer Notice is subject to a Total Transfer Condition. In the absence of any such stipulation it will be deemed not to be so conditional. No Total Transfer Condition will apply in respect of any Transfer Notice deemed to have been given pursuant to Article 16.

14.3 No Transfer Notice will be capable of variation or cancellation without the written consent of the Investor Director.

Transfer Price

14.4 The Transfer Notice will constitute the Company as the agent of the Seller for the transfer of the Sale Shares in accordance with this Article 14 at the following price ("**Transfer Price**"):

14.4.1 with the consent of the Investor Director, the price specified in the Transfer Notice; or

14.4.2 such other price as may be agreed between the Seller and the Board (subject to the approval of the Investor Director within 15 Business Days after the date of service or deemed service of the Transfer Notice; or

14.4.3 In default of agreement under Article 14.4.2 the lower of:

14.4.3.1 the price per Share specified in the Transfer Notice; and

14.4.3.2 if the Board elects within 15 Business Days after the date of service or deemed service of the Transfer Notice to instruct the Auditors for the purpose, the Market Value of the Sale Shares as at the date of service or deemed service of the Transfer Notice, and as determined in accordance with Articles 2.4 and 15.

First offer to Company/EBT etc (at discretion of the Remuneration Committee)

14.5 The following provisions of this Article 14.5 will apply to any transfer of any Shares by any Member other than an Investor.

14.5.1 Within 15 Business Days after the later of:

14.5.1.1 the receipt by the Company of a Transfer Notice; and

14.5.1.2 the determination of the Transfer Price

the Remuneration Committee (subject to the approval of the Investor Director) may direct the Company (in its capacity as agent for the Seller) immediately to offer at the Transfer Price such number of Sale Shares as they may determine to:

14.5.1.3 the Company pursuant to the provisions of part V of the Companies Act; and/or

14.5.1.4 any person who will hold the Sale Shares for the benefit of Existing Employees or New Employees including (without limitation), any Employment Benefit Trust of any Group

Member or any professional trustee, in any such case to hold the Sale Shares upon the terms of a discretionary trust for the benefit of the class of beneficiaries which includes (without limitation) employees and directors of any Group Member.

14.5.2 If any offeree of the Sale Shares pursuant to this Article 14.5 applies for any of them within 10 Business Days after the date of the offer, the Company will allocate to such offeree the number of Sale Shares applied for on the later of:

14.5.2.1 the fifteenth Business Day following receipt of the offer; and

14.5.2.2 the date on which the Transfer Price is determined.

14.5.3 If all of the Sale Shares are so allocated, the provisions of Articles 14.6 to 14.9 will not apply. If none or some only of the Sale Shares are so allocated, the provisions of Articles 14.6 to 14.9 will have effect as if reference to Sale Shares was to those not allocated in accordance with this Article 14.5.

Offer to Members and notice to Investor

14.6 Subject to Article 14.5, within 10 Business Days after its receipt of a Transfer Notice or, where later, on the determination of the Transfer Price, the Company (in its capacity as agent for the Seller) will give notice in writing to each of the Members (other than the Seller and any other Member who has served or who is deemed to have served a Transfer Notice in respect of his entire holding of Shares pursuant to which the sale of such Shares has not then been concluded) offering the Sale Shares for sale at the Transfer Price in accordance with Articles 14.7 and 14.8. The notice will specify that the Members will have a period of up to 20 Business Days from the date of such notice within which to apply for some or all of the Sale Shares.

Pre-emption Procedure

14.7 It will be a term of any offer made pursuant to Article 14.6 that, if Members holding Shares of more than one class apply for some or all of the Sale

Shares, the Sale Shares of a particular class specified in column (1) in the table below will be treated as offered:

14.7.1 in the first instance to all persons in the category set out in the corresponding line in column (2) in the table below; and

14.7.2 to the extent not accepted by persons in column (2) (whether as part of their Proportionate Entitlement or as Extra Shares), to all persons in the category set out in the corresponding line in column (3) in the table below and then to the extent not accepted by persons in column (3) (whether as part of their Proportionate Entitlement or as Extra Shares) to all persons in the category set out in the corresponding line in column (4) and so on;

(1)	(2)	(3)	(4)	(5)	(6)
Class of Sale Shares	First Priority	Second Priority	Third Priority	Fourth Priority	Fifth Priority
A Shares	A Shareholders	E Shareholders	C Shareholders	D Shareholders	B Shareholders
B Shares	B Shareholders	A Shareholders	E Shareholders	C Shareholders	D Shareholders
C Shares	C Shareholders	D Shareholders	A Shareholders	E Shareholders	B Shareholders
D Shares	D Shareholders	C Shareholders	A Shareholders	E Shareholders	B Shareholders
E Shares	E Shareholders	A Shareholders	C Shareholders	D Shareholders	B Shareholders
F Shares	F Shareholders	C Shareholders	D Shareholders	E Shareholders	B Shareholders

14.8 It will be a further term of the offer that, if there is competition within any class of shareholder for the Sale Shares offered to that class, such Sale Shares will be treated as offered among the holders of such class in

proportion (as nearly as possible) to their existing holdings of Shares of that class ("**Proportionate Entitlement**"). However, the offer will also invite Members to indicate in their applications for Sale Shares, whether they would be willing to buy Shares in excess of their Proportionate Entitlement should any such Shares be available and, if so, how many ("**Extra Shares**").

Allocation of Shares

14.9 After the expiry of the offer period specified in Article 14.6, (or, if sooner, upon valid applications being received for all of the Sale Shares in accordance with that Article), the Board will allocate the Sale Shares as follows:

14.9.1 if the total number of Sale Shares applied for (including Extra Shares) is equal to or less than the available number of Sale Shares, each offeree will be allocated the number applied for in accordance with his application (subject to Article 14.13); or

14.9.2 if the total number of Sale Shares applied for is greater than the available number of Sale Shares, each offeree will be allocated his Proportionate Entitlement, or, if less, the number of Sale Shares which he has applied for; and

14.9.3 applications for Extra Shares will be allocated in accordance with such applications or, in the event of competition within any class of shareholder, among those applying for Extra Shares in such proportions as equal (as nearly as possible) the proportions of all the Shares of the same class held by such offerees.

14.10 Allocations of Sale Shares made by the Company pursuant to this Article 14 will constitute the acceptance by the persons to whom they are allocated of the offer to purchase those Sale Shares on the terms offered to them, provided that no person will be obliged to take more than the maximum number of Sale Shares which he has indicated to the Company he is willing to purchase.

Completion of sale and purchase of Sale Shares

14.11 The Company will immediately upon allocating any Sale Shares (whether pursuant to Article 14.5.2 or Article 14.9) give notice in writing ("**Allocation Notice**") to the Seller and to each person to whom Sale Shares have been allocated specifying:

14.11.1 the number of Sale Shares so allocated;

14.11.2 the aggregate price payable for them;

14.11.3 any additional information required by Article 14.13.1 (if applicable);
and

14.11.4 (subject to Article 14.13.1) the place and time (being, with the exception of an allocation made pursuant to Article 13.5.1.3 not later than five Business Days after the date of the Allocation Notice) at which the sale of the Sale Shares will be completed.

14.12 Subject to Article 14.13, completion of the sale and purchase of Sale Shares in accordance with the Allocation Notice will take place at the place and time specified in the Allocation Notice when the Seller will, upon payment of the due price, transfer those Sale Shares specified in the Allocation Notice and deliver the relevant Share certificates (or an indemnity and/or a statutory declaration as to loss in a form acceptable to the Company) to the persons to whom they have been allocated.

14.13 If the Transfer Notice included a Total Transfer Condition and the total number of Shares applied for is less than the number of Sale Shares:

14.13.1 the Allocation Notice will refer to such Total Transfer Condition and will contain a further offer, open for 28 days, to those persons to whom Sale Shares have been allocated to apply for further Sale Shares; and

14.13.2 completion of the transfer in accordance with the preceding paragraphs of this Article 14 will be conditional upon all such Sale Shares being so allocated.

Default by the Seller

14.14 Except in the case of an acquisition of Sale Shares by the Company, if the Seller fails by the due completion date to execute and deliver transfers in respect of any of the Sale Shares which he is due to transfer, the Board may (and will if requested by the Investor Director) authorise any Director to:

14.14.1 execute the necessary transfer(s) on the Seller's behalf; and

14.14.2 against receipt by the Company of the Transfer Price payable for the relevant Sale Shares (to be held on trust for the Seller without interest) (the receipt being a good discharge to the offeree who will not be bound to see to the application of it), deliver such transfer(s) to the relevant offeree(s).

The Board will authorise registration of the transfer(s), and of the offeree(s) as the holder(s) of the Sale Shares so transferred, once appropriate stamp duty has been paid. After registration, the title of such offeree(s) as registered holder(s) of such Sale Shares will not be affected by any irregularity in, or invalidity of such proceedings, which will not be questioned by any person.

14.15 In the case of an acquisition of Sale Shares by the Company, if the Seller fails by the due completion date to transfer and/or to deliver the certificates (or a suitable indemnity) in respect of any Sale Shares, the Board may (and will if requested by the Investor Director) authorise any Director to execute, complete and deliver the necessary transfer and indemnity to the Company on the Seller's behalf. When that instrument has been duly stamped, the Company will ensure that such share capital is cancelled in accordance with the Companies Act, and will hold the purchase monies on trust (without interest) for the Seller.

Exhaustion of pre-emption rights - rights and restrictions with regard to sale to third party

14.16 Immediately after the exhaustion of any pre-emption process followed in accordance with these articles, if any Sale Shares remain unallocated, the Company will notify the Seller of that fact. The Seller may, at any time within

one calendar month after receiving such notice (but not otherwise unless the pre-emption procedure set out in these articles is repeated), transfer any unsold Sale Shares to the Proposed Transferee at any price which is not less than the Transfer Price, except that:

14.16.1 the Board will refuse registration of any transfer to a Proposed Transferee who is a person to whom Shares may not be transferred by virtue of Articles 12.2.1 or 12.2.2;

14.16.2 if any such transfer would, if made and registered, result in the Proposed Transferee obtaining or increasing a Controlling Interest, the Board will refuse registration of such transfer until such time as an Approved Offer has been made and the provisions of Article 17 (Tag Along Rights) complied with;

14.16.3 if the Seller included a Total Transfer Condition in the Transfer Notice which has not been satisfied, the Seller will be entitled to transfer all (but not some only) of the Sale Shares;

14.16.4 any such transfer must be in good faith and the Board may require to be satisfied (in such manner as it or they may reasonably think fit) that the Sale Shares are being sold at a price which is not less than the Transfer Price without any deduction, rebate or allowance whatsoever. If not so satisfied, the Board may refuse to register the transfer; and

14.16.5 in the case of any deemed transfer process pursuant to Article 16, the Compulsory Seller will not be entitled to transfer any unsold Sale Shares to any third party but shall be entitled thereafter to retain the Sale Shares freeing the Compulsory Sale Notice, but the Sale Shares and the Member shall otherwise continue to be subject to these Articles in all other respects.

15. VALUATION

Determination of "Market Value"

If the Auditors (or, by virtue of Article 2.4, independent accountants) are required to determine Market Value pursuant to Article 14.4.3.2, the provisions set out below will apply.

15.1 Market Value will be determined by the Auditors or, as the case may be, independent accountants, first valuing the Company as a whole:

15.1.1 assuming, if the Company is then carrying on business as a going concern, that it will continue to do so;

15.1.2 assuming that the entire issued share capital of the Company is being sold as between a willing buyer and a willing seller by arm's-length private treaty for cash payable in full on completion;

15.1.3 taking account of any Shares which may be allotted pursuant to options which have been issued by the Company and which are still outstanding;

15.1.4 taking account of any bona fide offer for the Company received from an unconnected third party within six months prior to the Transfer Notice being served or deemed to have been served.

15.2 Having valued the Company as a whole, the Auditors or, as the case may be, independent accountants will determine the Market Value of the Shares concerned:

15.2.1 having deducted from the value of the Company as a whole (if not already taken into account when so valuing the Company):

15.2.1.1 any amounts due to the holders of the Loan Notes (whether in respect of redemptions or arrears or accruals of interest);

15.2.1.2 any Arrears, accruals or deficiencies of dividend on the A Shares or the Preference Shares; and

- 15.2.1.3 any redemption monies due to any Preference Shareholders;
 - 15.2.2 disregarding whether the Shares concerned represent a majority or a minority interest;
 - 15.2.3 save with regard to E Shares and Deferred Shares, disregarding the rights and restrictions attached to the Shares concerned in respect of income, capital and transfer;
 - 15.2.4 disregarding any value attaching to such Shares by reason of the ratchet provisions of these articles.
- 15.3 The costs and expenses of the Auditors (or independent accountants) for reporting on their opinion of the Market Value will be borne as the Auditors (or independent accountants) direct, but in the absence of any such direction to one half by the Seller and as to other half by the purchasing Shareholders pro-rata to the number of Sale Shares purchased by them unless none of the Sale Shares are purchased by Members pursuant to Article 14 in which case the Seller will pay all such costs and expenses.

16. COMPULSORY TRANSFERS

Circumstances which trigger compulsory transfer

- 16.1 This Article 16 applies when:
- 16.1.1 a Relevant Individual is a holder of Ordinary Shares ; and/or
 - 16.1.2 a Relevant Individual has established a Family Trust which holds Ordinary Shares ; and/or
 - 16.1.3 any Member holds Ordinary Shares as the nominee of a Relevant Individual; and/or
 - 16.1.4 Ordinary Shares are held by a Privileged Relation or other person to whom the Relevant Individual is permitted to transfer Shares under Article 13; and/or

16.1.5 Ordinary Shares are held by a company, any part of the issued share capital of which is beneficially owned by the Relevant Individual or a Privileged Relation, Family Trust or other person to whom the Relevant Individual is permitted to transfer Shares under Article 13

and the Relevant Individual ceases for any reason (including death or bankruptcy) to be an employee and/or director or consultant of any member of the Group or, though still an employee or director or consultant of a member of the Group, becomes eligible for benefits under a permanent health insurance policy.

16.2 For the purposes of this Article, the Relevant Individual will cease to be an employee and/or director or consultant of a member of the Group on the Cessation Date.

Compulsory Pre-emption Procedure

16.3 Within six months after the Cessation Date the Board may serve notice ("**Compulsory Sale Notice**") on the Relevant Individual and/or any holder of Ordinary Shares referred to in Article 16.1 (or the PRs of any deceased Member or the trustee in bankruptcy of any bankrupt Member) (each a "**Compulsory Seller**" and together "**Compulsory Sellers**") requiring each such person to offer all Shares registered in his or their name(s) or to which he is or they are or may become entitled whether as a result of his or their holding of Shares or otherwise.

16.4 The Shares which are the subject of the Compulsory Sale Notice will be offered for sale (other than to any Compulsory Seller or any other Member who has served or who is deemed to have served a Transfer Notice in respect of his entire holding of Shares which is still outstanding) in accordance with the provisions of Article 14, which will apply as if set out in full in this Article except to the extent that they are varied by the following provisions of this Article 16. The Board may also determine in its absolute discretion to revoke any Transfer Notice previously given or deemed to have been given by the Compulsory Seller(s) which is still outstanding at the Cessation Date.

Sale Price - Good Leaver/Bad Leaver

16.5 Subject to Article 15.6, the price for the Sale Shares will be:

16.5.1 if the Relevant Individual is a Bad Leaver, the lower of:

16.5.1.1 the issue price (including any premium) of the Sale Shares
(or, where any of the Sale Shares were acquired by a
Compulsory Seller by way of transfer rather than allotment,
the amount paid by such Compulsory Seller on the transfer);
and

16.5.1.2 the Market Value of the Sale Shares on the Cessation Date to
be agreed or determined in accordance with Articles 2.4 and
16.6 or;

16.5.2 if the Relevant Individual is a Good Leaver, the price will be the
Market Value of the Sale Shares on the Cessation Date, to be agreed
or determined as aforesaid; or

16.5.3 if such cessation follows a reasonable determination by the Directors
that the Relevant Individual has been guilty of dishonesty or has
committed a material breach of the Investment Agreement or of his
Service Agreement, the lower of the Market Value or the Sale Shares
on the Cessation Date, to be agreed or determined as aforesaid and
1p per Sale Share.

16.6 Notwithstanding the provisions of Article 15.5, if the Relevant Individual is
either Martin Balaam or Raymond Cross and whether or not the Relevant
Individual is a Bad Leaver or a Good Leaver, the price of the Sale Shares will
be the higher of:

16.6.1 the Market Value of the Sale Shares on the Cessation Date to be
agreed as determined in accordance with Article 15.7; or

16.6.2 the issue price (including any premium) of the Sale Shares;

save in the event that such Relevant Individual is a Bad Leaver by reason of his fraud against the Company whereupon the price shall be calculated in accordance with Article 15.5.3 and save also if a transferee of any of the Sale Shares subsequently sells those Sale Shares at a value in excess of the relevant Market Value within six months of the Cessation Date in which circumstances, the transferee(s) of the Sale Shares shall account to the Relevant Individual for such increased value as if the value of the subsequent transactions had been the relevant Market Value.

16.7 **"Market Value"** for the purposes of Article 16 will be:

16.7.1 the price agreed between the Compulsory Seller(s) and the Investor Director; or

16.7.2 if they fail to agree a price within 15 Business Days of the Cessation Date, or otherwise in accordance with any different timetable determined by the Investor Director pursuant to Article 14.3, the price determined by the Auditors (or independent accountant) to be the Market Value of such Shares on the Cessation Date, according to the principles set out in Article 15, but having regard also to the effect on the Group of the Relevant Individual in question ceasing to be an employee or director or consultant of any Group Member.

Suspension of voting rights during compulsory transfer procedure

16.8 Unless the Investor Director directs otherwise in writing, any Shares held by a Compulsory Seller on the Cessation Date (and any Shares issued to a Compulsory Seller after such date by virtue of the exercise of any right or option granted or arising by virtue of his holding of the Sale Shares) will cease to confer the right to be entitled to receive notice of, attend and vote at any general meeting of the Company, or any meeting of the holders of any class of Shares with effect from the Cessation Date (or, where appropriate, the date of issue of such Shares, if later), and such Shares will not be counted in determining the total number of votes which may be cast at any such meeting, or for the purposes of a written resolution of any Members or class of Members. That right will be restored immediately upon the Company

registering a transfer of the Sale Shares in accordance with this Article 16 or, in the case of C Shares held by Raymond Cross and Martin Balaam only, upon the pre-emption rights in respect of such Shares having been exhausted in accordance with Article 14.16.5.

Transmission of Shares

16.9 Regulations 29 to 31 shall take effect subject to Articles 16.10 and 16.11.

16.10 Without prejudice to Articles 16.1 and 16.3 (the provisions of which, when operable, will override the provisions of this Article 16.10 and the provisions of Articles 16.9 and 16.11), a person entitled to a Share or Shares in consequence of the death, bankruptcy, receivership or liquidation of a Member or otherwise by operation of law shall be bound at any time, if called upon in writing to do so by the Directors with the consent of the Investor Director not later than 90 days after the Directors receive notice from the person concerned that he has become so entitled, to give a Transfer Notice (without specifying a Transfer Price) in respect of all of the Shares then registered in the name of the deceased or insolvent Member in accordance with the provisions of Article 14, which will apply as if set out in full in this Article.

16.11 If any such person fails to give a Transfer Notice in accordance with Article 16.10 within 10 Business Days after being called upon to do so:

16.11.1the Board may (and will if requested by the Investor Director) authorise any Director to execute and deliver a transfer of the Shares concerned to a person appointed by the Directors as a nominee for the person entitled to the Shares; and

16.11.2the Company may give a good receipt for the purchase price of such Shares, register the purchaser or purchasers as the holders of them and issue certificates for the same to such purchasers. After registration, the title of such purchaser or purchasers as registered holder(s) of such Shares will not be affected by any irregularity in, or invalidity of, such proceedings, which will not be questioned by any

person. In any such case the person entitled to the Shares as a consequence of the death, insolvency or otherwise by operation of law will be bound to deliver up the certificates for the Shares concerned to the Company whereupon he will become entitled to receive the purchase price. In the meantime, the purchase price will be held by the Company on trust for such person without interest.

17. CHANGE OF CONTROL - TAG ALONG RIGHTS

17.1 With the exception of transfers of Shares pursuant to Article 13 (Permitted Transfers), no transfer of Shares which would result, if made and registered, in a person or persons Acting in Concert obtaining or increasing a Controlling Interest, will be made or registered unless:

17.1.1 an Approved Offer is made by the proposed transferee(s) ("**Buyer**") or, at the Buyer's written request, by the Company as agent for the Buyer; and

17.1.2 the Buyer complies in all respects with the terms of the Approved Offer at the time of completion of the sale and purchase of Shares pursuant to it.

17.2 For the purposes of this Article 17 and Article 18:

17.2.1 "**Approved Offer**" means an offer in writing served on all Members holding Equity Shares and/or E Shares (including the proposing transferor), offering to purchase all the Equity Shares and/or E Shares held by such Members (including any Shares which may be allotted pursuant to the exercise or conversion of options, rights to subscribe for or securities convertible into Equity Shares and/or E Shares in existence at the date of such offer) which:

17.2.1.1 is stipulated to be open for acceptance for at least 15 Business Days;

17.2.1.2 offers the same or equivalent consideration for each Equity Share and/or the nominal value for each E Share (whether in cash, securities or otherwise in any combination);

17.2.1.3 includes an undertaking by or on behalf of the Buyer that, subject to compliance by the Buyer with Articles 17.2.1.4 and 17.2.1.5, no other consideration, (whether in cash or otherwise) is to be received or receivable by any Member 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 Shares to be sold by such Member, and that neither the Buyer nor any person acting by agreement or understanding with it has otherwise entered into more favourable terms or has agreed more favourable terms with any other Member for the purchase of Equity Shares and/or E Shares;

17.2.1.4 in the case of the A Shares, includes provision for the payment of all Arrears and accruals of the Fixed Dividend and the Participating Dividend;

17.2.1.5 to the extent any are in issue, makes provision for the redemption in accordance with these Articles of the Preference Shares and for the redemption of the Loan Notes and any other loan notes issued by any Group Member to a Member in accordance with the relevant Loan Note Deed or, if the Company is unable lawfully to effect any such redemption, makes provision for the purchase of such Preference Shares and Loan Notes at the price at which they would have been redeemed;

17.2.1.6 is on terms that the sale and purchase of Shares in respect of which the offer is accepted will be completed at the same time; and

17.2.1.7 is approved by the Investor Director.

18. CHANGE OF CONTROL - DRAG ALONG RIGHTS

18.1 Subject to Article 17.3, whenever an Approved Offer is made, the holders of 75% or more of the A Shares shall have the right ("**Drag Along Right**") to require (in the manner set out in Article 18.2) all of the other holders of Equity Shares ("**Other Shareholders**") to accept the Approved Offer in full.

18.2 The Drag Along Right may be exercised by the service of notice to that effect ("**Drag Along Notice**") on the Other Shareholders at the same time as, or within five Business Days following the making of the Approved Offer.

18.3 If:

18.3.1 the Approved Offer will result in the Exit Proceeds being less than £6,000,000; and

18.3.2 Raymond Cross and/or Martin Balaam are C Shareholders at the date the Approved Offer is made

then the Drag Along Right shall be suspended and the C Shareholders who together hold at least 35% of the C Shares ("**Offerors**") shall have the right, exercisable within 14 days of receipt of the Drag Along Notice, to give a notice ("**Counter Offer**") to the A Shareholders and to the Company unconditionally offering to acquire all of the Equity Shares other than those already owned by the Offerors ("**Offer Shares**") at the same price and on the same terms as those contained in the Approved Offer. If a Counter Offer is made the Offerors shall be obliged to buy and all other Members shall be obliged to sell the Offer Shares within 42 days following receipt of the Counter Offer. If the Offerors fail to purchase the Offer Shares within such 42 day period, the Drag Along Right shall be deemed to be released from suspension and the A Shareholders may enforce the Drag Along Right in accordance with Article 18 (but shall have no other cause of action or remedy against the Offerors for failure to complete the acquisition of Offer Shares pursuant to the Counter Offer). If at any time within three months of the Approved Offer being received the person making the Approved Offer wishes to vary the terms of the Approved Offer or make a new Approved Offer then

the rights of the C Shareholders to make a Counter Offer shall not apply to such varied a new Approved Offer.

18.4 On the exercise of the Drag Along Right, each of the Other Shareholders will be bound to accept the Approved Offer in respect of its entire holding of Equity Shares and to comply with the obligations assumed by virtue of such acceptance.

18.5 If any of the Other Shareholders fails to accept the Approved Offer or, having accepted such offer, fails to complete the sale of any of its Equity Shares pursuant to the Approved Offer, or otherwise fails to take any action required of it under the terms of the Approved Offer, any holder of A Shares or any persons so authorised by the Investor Director may accept the offer on behalf of the Other Shareholder in question, or undertake any action required under the terms of the Approved Offer on the part of the Other Shareholder in question. In particular, such person may execute the necessary transfer(s) on that Other Shareholder's behalf; and against:

18.5.1 receipt by the Company (on trust for such Other Shareholder) of the consideration payable for the relevant Shares (the receipt being a good discharge to the Buyer, who will not be bound to see to the application of it); and

18.5.2 compliance by the Buyer and, where relevant, the Company with all other terms of the Approved Offer

deliver such transfer(s) to the Buyer (or its nominee). The Board will then authorise registration of the transfer(s) and of the Buyer (or its nominee) as the holder of the Shares so transferred. After registration, the title of the Buyer (or its nominee) as registered holder of such Shares will not be affected by any irregularity in, or invalidity of such proceedings, which will not be questioned by any person. The Other Shareholder will in such a case be bound to deliver up its certificate for its Shares to the Company, or a statutory declaration of loss (as appropriate) whereupon the Other Shareholder will be entitled to receive the purchase price for such Shares.

19. ELECTRONIC COMMUNICATION

Regulation 1 is modified by deleting the definition given of "electronic communication" and substituting in its place the definition given in these articles.

20. SHARE CERTIFICATES

Regulation 6 is modified by adding after "Every certificate shall be sealed with the seal" the words "or executed in such other manner as the Directors authorise, having regard to the Companies Act,".

21. LIENS, CALLS AND FORFEITURE

21.1 Regulation 8 is modified by the deletion of the words "(not being a fully paid share)".

21.2 The lien conferred by Regulation 8 will apply to all Shares, whether fully paid or not, and to all Shares registered in the name of any person under a liability (whether actual or contingent), whether he is the sole registered holder of such Shares or one of two or more joint holders of such Shares.

21.3 Subject to the terms of allotment, the Board may and at the request of the Investor Director, shall, make calls upon the Members in respect of any moneys unpaid on their Shares (whether in respect of the nominal value or premium) and each Member shall be required to pay to the Company on demand the amount called on his Shares. A call may, if the Board (with the consent of the Investor Director) so resolves, require payments to be made by instalments. A call may, before receipt by the Company of any sum due thereunder, be revoked in whole or part and payment of a call may be postponed in whole or part. A Member upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.

21.4 If the notice is not complied with on demand, any Share in respect of which it was given may, without further notice from the Company, be forfeited by a resolution of the Board (and shall be forfeited at the request of the Investor

Director) and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited Shares and not paid before the forfeiture.

22. GENERAL MEETINGS

22.1 Regulation 37 is modified by the deletion of the words "eight weeks" and the substitution for them of the words "28 days", and by the insertion of the words "or the Investor Director acting alone" after the second word of that Regulation.

22.2 A general meeting may consist of a conference between Members, some or all of whom are in different places if each Member who participates is able:

22.2.1 to hear each of the other participating Members addressing the meeting; and

22.2.2 if he so wishes, to address all of the other participating Members simultaneously,

whether directly, by conference telephone or by any other form of communications equipment (whether in use when these articles are adopted or not) or by a combination of those methods.

22.3 A quorum is deemed to be present if those conditions are satisfied in respect of at least the number of Members required to form a quorum. A meeting held in this way is deemed to take place at the place where the largest group of participating members is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates. A resolution put to the vote of a meeting will be decided by each Member indicating to the chairman (in such manner as the chairman may direct) whether the Member votes in favour of or against the resolution or abstains. References in this Article 22 to Members includes their duly appointed proxies and, in the case of corporate members, their duly authorised representatives.

23. PROCEEDINGS AT GENERAL MEETINGS

- 23.1 The quorum for holding general meetings shall be two persons present in person (including by a duly authorised representative of a company) or by proxy, one of whom shall be an A Shareholder.
- 23.2 If any meeting is adjourned pursuant to Regulation 41 because a quorum is not present, and at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the shareholders present will form a quorum. Regulation 41 is modified accordingly.
- 23.3 Regulation 46 is modified so that a poll may be demanded by the chairman or by any Member present in person or by proxy and entitled to vote at the meeting.
- 23.4 A corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised is entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member.
- 23.5 In the case of on equality of votes, whether on a show of hands or on a poll, the chairman will not be entitled to a casting vote in addition to any other vote which he may have. Regulation 50 will be modified accordingly.
- 23.6 Regulation 51 is amended by replacing the first and second sentences with the following words: "A poll demanded will be taken immediately".
- 23.7 Regulation 53 is modified by the addition of the following sentence at the end: "If such a resolution in writing is described as a special resolution or as an extraordinary resolution or as an elective resolution, it will have effect accordingly."

24. VOTES OF MEMBERS

24.1 Subject to Article 9.3, the Shares shall carry the following voting rights:

24.1.1 the A Shares shall, regardless of the number of A Shares in issue, on a show of hands or on a poll, together represent 50 per cent of the voting rights attaching to all Shares;

24.1.2 the B Shares and C Shares shall, regardless of the number of B Shares and C Shares in issue, on a show of hands or on a poll, together represent 50 per cent of the voting rights attaching to all Shares; and

the votes capable of being cast by each Member holding shares of a class (with the B Shares and C Shares being treated as one class for these purposes) shall be calculated on a pro rata basis by reference to the percentage of shares of that class held by each such Member.

24.2 The holders of the D Shares, E Shares, F Shares and Deferred Shares shall have no right to receive notice of or to attend or vote at any general meeting of the Company.

24.3 Regulation 54 is modified so that:

24.3.1 a proxy will be entitled to vote whether on a show of hands or on a poll; and

24.3.2 a duly authorised representative of a corporate Member will be entitled to vote on its behalf whether on a show of hands or on a poll, and whether or not such duly authorised representative is also a Member entitled to vote.

24.4 Regulation 57 is modified by the inclusion after the word "shall" of the phrase ", unless the Directors otherwise determine,".

24.5 Regulation 59 is modified by the addition of the following sentence at the end: "Deposit of an instrument of proxy will not preclude a Member from attending and voting at the meeting or at any adjournment of the meeting."

- 24.6 Regulation 62 is modified by the deletion in paragraph (a) of the words "deposited at" and by the substitution for them of the words "left at or sent by post to" and by the insertion at the end of the penultimate sentence of the Regulation (after the word "invalid") of the words "unless a majority of the Directors (the Investor Director being part of that majority) resolve otherwise".

25. NUMBER OF DIRECTORS

Unless and until otherwise determined by ordinary resolution of the Company, the number of Directors will be not less than two.

26. ALTERNATE DIRECTORS

- 26.1 The Investor Director may appoint any person willing to act, whether or not he is a director of the Company, to be an alternate director. Regulation 65 is modified so that any such appointment does not need to be approved by resolution of the Directors. In Regulation 67 the words "but, if" and the words which follow to the end of the Regulation are deleted.
- 26.2 Regulation 66 is modified so that an alternate director who is absent from the United Kingdom is entitled to receive notice of all meetings of Directors and *of committees of Directors of which his appointor is a member. An alternate director may waive the requirement that notice be given to him of a meeting of Directors or of a committee of Directors of which his appointor is a member, either prospectively or retrospectively.*
- 26.3 The first sentence of Regulation 66 is modified so that an alternate director will not be entitled as such to receive any remuneration from the Company although he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as his appointor may direct by notice in writing to the Company.
- 26.4 An alternate director will be entitled to be reimbursed by the Company such expenses as might properly be reimbursed to him if he were a Director.

- 26.5 An alternate director's appointment will determine if he resigns by written notice left at or sent to the registered office of the Company.
- 26.6 A director, or any other person mentioned in Regulation 65, may act as an alternate director to represent more than one Director, and an alternate director will be entitled at any meeting of the Board to one vote for every Director whom he represents in addition to his own vote (if any) as a Director, but he will count as only one person for the purpose of determining whether a quorum is present.
- 26.7 Regulation 68 is modified by the addition at the end of the first sentence of the following sentence: "Any such notice may be left at or sent by post or facsimile transmission to the office or another place designated for the purpose by the Directors."

27. DELEGATION OF DIRECTOR'S POWERS

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

28. APPOINTMENT AND RETIREMENT OF DIRECTORS

- 28.1 No person will be disqualified from being appointed a Director and no Director will be required to vacate that office by reason only of the fact that he has attained the age of 70 years or any other age.
- 28.2 A Director will not retire by rotation and a Director appointed to fill a vacancy or as an additional director will not retire from office at the annual general meeting next following his appointment. Regulations 73 to 77 (inclusive) and 80 will not apply to the Company, reference in Regulations 67, 78 and 84 to retirement by rotation will be disregarded and the last two sentences of Regulation 79 are deleted.

- 28.3 Regulation 81(e) will not apply to the Investor Director.
- 28.4 The holder or holders of such number of Shares as give the right to a majority of votes at general meetings of the Company may, by giving notice on the Company, remove any Director from office and/or appoint any person to be a Director. The notice must be signed by or on behalf of such holder or holders (and may consist of several documents in similar form each signed by or on behalf of one or more holders) and must be left at or sent by post or fax to the registered office or such other place designated by the Directors for the purpose. Such removal or appointment will take effect when the notice is received by the Company or on such later date (if any) as may be specified in the notice. This Article 28.4 will not apply to the appointment or removal of an Investor Director. This Article 28.4 is not to be taken as depriving a person removed under it of compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that as Director.

29. DISQUALIFICATION AND REMOVAL OF DIRECTORS

The office of a Director will be vacated if:

- 29.1 he ceases to be a Director by virtue of any provision of the Act or he becomes prohibited by law from being a director;
- 29.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- 29.3 he becomes, in the opinion of all his co-Directors, incapable by reason of mental disorder of discharging his duties as Director;
- 29.4 he resigns his office by notice in writing to the Company;
- 29.5 (other than in the case of the Investor Director) he has for more than six consecutive months been absent without permission of the Directors from meetings of Directors held during that period and his alternate director (if any) has not during that period attended any such meetings instead of him, and the Directors resolve that his office be vacated;

- 29.6 (other than in the case of the Investor Director) he is removed from office by notice addressed to him at his last-known address and signed by all his co-Directors;
- 29.7 (other than in the case of the Investor Director) he is removed from office by notice given by a member or members under Article 28.4; or
- 29.8 being an executive Director he ceases, for whatever reason, to be employed by any member of the Group.

30. REMUNERATION AND AUDIT COMMITTEES

Without prejudice to Regulation 72 there will be a Remuneration Committee and an Audit Committee which will operate in accordance with the Investment Agreement. Regulation 82 will not apply to the Company.

31. DIRECTORS' APPOINTMENTS AND INTERESTS

- 31.1 Regulation 84 is modified by addition of the words: "with the consent of the Investors" after the words "the directors" and before the words "may appoint" in the first sentence, and after the words "the directors" and before the word "determine" and after the words "as they" and before the words "think fit" in the second sentence.
- 31.2 Regulation 85 is modified by the addition of the words: "and except in the case of the Investor Director, to the consent of the Investors" after the words "provisions of the Act" and before the words", and provided that he has disclosed" in the first sentence.

32. DIRECTOR'S GRATUITIES AND PENSIONS

Regulation 87 is modified by the addition of the words: "with the consent of the Investors" after the words "The directors" and before the words "may provide benefits" in the first sentence.

33. BORROWING POWERS

The Directors may exercise all the powers of the Company (whether express or implied) to borrow and/or secure the payment of money, to guarantee the payment of money, the fulfilment of obligations and the performance of contracts and to mortgage or charge the property, assets and uncalled capital of the Company, and (subject to section 80 of the Companies Act) to issue debentures, debenture stock and all other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party not exceeding an aggregate sum of [£30,000,000.]

34. PROCEEDINGS OF DIRECTORS

- 34.1 In the case of an equality of votes, the chairman will not have a second or casting vote. In relation to any matter relevant to Article 16, the Investor Director shall have a second or casting vote. Regulation 88 will be modified accordingly.
- 34.2 Regulation 88 is modified by the exclusion of the third sentence and the substitution for it of the following sentences: "Every Director will receive notice of a meeting, whether or not he is absent from the United Kingdom. A Director may waive the requirement that notice be given to him of a meeting of Directors or a committee of Directors, either prospectively or retrospectively" and by the addition of the word "not" between the words "shall" and "have" in the fourth sentence.
- 34.3 If at the date of any meeting of the Board any of the matters set out in Article 9.3 have occurred, then following an election by the Investor Director, at any meeting of the Board, the Investor Director shall be entitled to such number of votes as shall equal one vote in excess of fifty per cent of the other votes exercisable at such meeting such enhanced A voting rights shall continue for so long as the circumstances in Article 9.3 continue to subsist or, if earlier, until the Investor gives notice to the Company that he no longer wishes to have such enhanced voting rights.

- 34.4 The quorum necessary for the transaction of business at any meeting of the Directors will be two of which one will be the Investor Director and Regulation 89 will be modified accordingly. If any meeting of the Directors is inquorate then it will be adjourned for the consideration of the same business until the same time and place the next following week when those Directors present will constitute a quorum.
- 34.5 Any Director or alternate may participate in a meeting of the Board or a committee of the Directors by means of conference telephone or similar communications equipment if all persons participating in the meeting can hear and speak to each other throughout the meeting, and any Director or member of a committee participating in a meeting in this manner is deemed to be present in person at such meeting and will be counted when reckoning a quorum.
- 34.6 Without prejudice to the obligation of any Director to disclose his interest in accordance with section 317 of the Act, a Director may vote at a meeting of Directors or of a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty provided that he has first obtained the consent of the Investors (unless the director concerned is the Investor Director, in which case no such consent will be required). The Director will be counted in the quorum present when any such resolution is under consideration and if he votes, his vote will be counted.

35. INVESTOR DIRECTOR AND OBSERVER

- 35.1 So long as the Investors or any of them hold any Shares they will have the right to appoint one person as a non-executive Director of the Company ("**Investor Director**"):
- 35.1.1 not more than one person may hold such office at any one time;
- 35.1.2 any such appointment must be effected by notice in writing to the Company by the appointing Investors who may in a similar manner remove from office any Investor Director appointed pursuant to this

Article, and appoint any person in place of any Investor Director so removed or who had died or otherwise vacated office as such;

35.1.3 subject to section 303 of the Companies Act, on any resolution to remove an Investor Director, the A Shares held by the Investors will together carry one vote in excess of fifty per cent of all the other votes exercisable at the general meeting at which such resolution is to be proposed, and if any such Investor Director is removed pursuant to section 303 of the Companies Act or otherwise, the appointing Investor may reappoint him or any other person as an Investor Director.

35.2 The Investor Director will be entitled to be appointed to the board of directors of any member of the Group and to any committee of the board of any member of the Group.

35.3 So long as the Investors or any of them hold any Shares they will have the right at any time to appoint any one person to attend observe and speak at meetings of the Board and the provisions of Article 35.1.2 will apply as if they were set out in full in this Article, but with the word "observer" substituted for "Investor Director". Any person so appointed will not be a Director.

35.4 The right of the appointment and removal of the Investor Director will be exercised by LDC.

36. DIVIDENDS

Regulation 103 is modified by the addition of the following words: "with the consent of the Investors" after the words "the directors" in the first sentence.

37. NOTICES

37.1 Any notice or other document to be served or delivered to or by any person pursuant to these articles (other than a notice calling a meeting of the Directors) shall be in writing and shall be delivered in accordance with Article 37.2.

37.2 Any notice or other document may only be served on, or delivered to, any Member by the Company or by any other Member:

37.2.1 personally;

37.2.2 by sending it through the post in a prepaid envelope addressed to the Member at his registered address (whether such address is in the United Kingdom or otherwise);

37.2.3 by delivery of it by hand to or leaving it at that address in an envelope addressed to the Member; or

37.2.4 except in the case of a share certificate and only if an address has been specified by the Member for such purpose, by Electronic Communication.

37.3 In the case of joint holders of a Share, all notices and other documents shall be given to the person named first in the register in respect of the joint holding, and notice so given shall be sufficient notice to all joint holders.

37.4 Any notice or other document may only be served on, or delivered to, the Company by anyone:

37.4.1 by sending it through the post in a prepaid envelope addressed to the Company or any officer of the Company at its registered office or such other place in the United Kingdom as may from time to time be specified by the Company;

37.4.2 by delivering it by hand to its registered office or such other place in the United Kingdom as may from time to time be specified by the Company; or

37.4.3 if an address has been specified by the Company for such purpose (and in the case of an appointment of a proxy such address has been specified in a document or other communication referred to in Regulation 62), by Electronic Communication.

37.5 Any notice or other document (other than the appointment of a proxy):

37.5.1 addressed to the recipient in the manner prescribed by these articles shall, if sent by post, be deemed to have been served or delivered:

37.5.1.1(if prepaid as first class) 24 hours after it was posted; and

37.5.1.2(if prepaid as second class) 48 hours after it was posted;

37.5.2 not sent by post, but delivered by hand to or left at an address in accordance with these articles, shall be deemed to have been served or delivered on the day it was so delivered or left;

37.5.3 sent by Electronic Communication shall be deemed to have been served or delivered 48 hours after it was sent, and in proving such service it shall be sufficient to produce (in the case of a fax) a transaction report or log generated by a fax machine which evidences the fax transmission and (in the case of an e-mail) a confirmation setting out the total number of recipients sent to or each recipient to whom the message was sent as the case may be.

37.6 Regulations 111, 112 and 115 will not apply to the Company.

38. INDEMNITIES

Subject to the provisions of the Companies Act but without prejudice to any indemnity to which he may otherwise be entitled every Director alternate director secretary and other officer or employee of the Company will be indemnified out of the assets of the Company against any liability (other than any liability arising out of the Investment Agreement) sustained or incurred by him in defending any proceedings whether civil or criminal relating to his conduct as an officer or employee of the Company in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 144 or section 727 of the Companies Act in which relief is granted to him by the Court. Regulation 118 will not apply to the Company.