

5209861

The Companies Act 1985 (as amended)

COMPANY LIMITED BY SHARES

WRITTEN
RESOLUTIONS

of

ACAL ENERGY LIMITED
(COMPANY NO. 5209861)
(THE "COMPANY")

FRIDAY



A42 *ARW4PNW9* 693
16/03/2007
COMPANIES HOUSE

Passed on the 27 of February 2007

Pursuant to section 381A of the Companies Act 1985, the undersigned, being all the members for the time being of the Company entitled to receive notice of and to attend and vote at general meetings of the Company, hereby unanimously pass the following written resolutions all of which are passed as special resolutions and agree that the said resolutions shall, for all purposes be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held and, for all purposes under both the Company's existing Articles of Association and the new Articles of Association adopted pursuant to Resolution 3 below, shall also constitute the written consent of all the shareholders of all classes of share in the Company to any variation in the rights of those classes.

1. SHARE CAPITAL

THAT the authorised share capital of the Company be increased from £371,000 to £372,525.98 comprised of:

119,266 Ordinary Shares of £0.01 (one pence) each
133,332 A Ordinary Shares of £0.01 (one pence) each
37,000,000 Deferred Shares of £0.01 (one pence) each

by the creation of 133,332 A Ordinary Shares of £0.01 (one pence) each, and
19,266 Ordinary Shares of £0.01 (one pence) each having the rights set out in the new Articles of Association adopted pursuant to Resolution 3 below.

2. DIRECTORS SECTION 80 AUTHORITY

THAT the Directors be generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 to allot the authorised but unissued shares in the capital of the Company as at the date of this resolution and that the Directors be authorised under this authority to make at any time before the expiry of this authority any offer or agreement which will or may require such shares to be allocated after the expiry of this authority and the Directors may allot such shares pursuant to such offer or agreement as if the authorities conferred thereby had not expired.

3. ADOPTION OF NEW ARTICLES OF ASSOCIATION

THAT the draft regulations attached to this resolution be and are hereby approved and adopted as the Articles of Association of the Company in substitution for the existing articles of association of the Company.

4. SECTION 89(1) AND 90(6) and ARTICLE 2.4 DISAPPLICATION

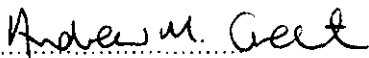
THAT the Directors be and are hereby authorised to allot and make offers to agree to allot shares pursuant to the authority set out in Resolution 2 as if Section 89(1) and 90(6) of the Companies Act 1985 and Article 7 of the articles of association adopted pursuant to resolution 3 did not apply to such allotment by the Company in respect of the issue of the following shares to the following persons:

Up to 133,332 A Ordinary Shares in aggregate to the Investors in accordance with the Investment Agreement (as defined in the Articles of Association adopted in accordance with Resolution 3 above.

Up to 833 Ordinary Shares to Robert Pettigrew

Up to 833 Ordinary Shares to James Wilkie

Up to 27,600 Ordinary Shares to be issued on the exercise of options granted to employees or officers of the Company prior to the date hereof or after the date hereof in accordance with the Investment Agreement


.....
Andrew Martin Creeth


.....
Amanda Lyne

.....
For and on behalf of
Rising Stars Growth Fund LP

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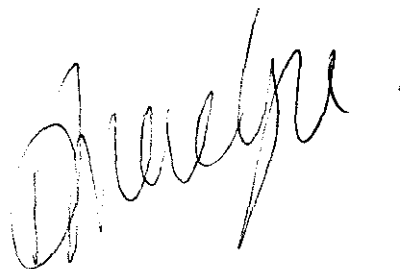
No. 05209861

**THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
NEW ARTICLES OF ASSOCIATION
OF
ACAL ENERGY LIMITED**

(adopted by Special Resolution passed on

27 February 2007)

COMPANIES HOUSE



Andrew M. Crichton

No. 05209861

**THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
NEW ARTICLES OF ASSOCIATION
OF
ACAL ENERGY LIMITED**

(adopted by Special Resolution passed on

27 February 2007)

1. INTERPRETATION

1.1 Definitions

In these Articles:

"A Ordinary Shareholders" means the holders for the time being of A Ordinary Shares;

"A Ordinary Shares" means the convertible ordinary shares of £0.01 (one pence) each in the capital of the Company;

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

"Articles" means these Articles of Association;

"Associate" means any company, 20% or more of the equity share capital of which is beneficially owned by the Company and/or its Subsidiaries (whether individually or in aggregate);

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

"Board" means the board of Directors of the Company;

"business day" means a day on which banks are open for the conduct of normal banking business in the United Kingdom (other than a Saturday or a Sunday or any other day on which banks are not open for the conduct of normal banking business in the United Kingdom)

"Buyer" means any person and shall include a Connected Person of, or a Concert Party with, such person;

"COIF" means The North East Co-Investment Fund LP;

"Concert Party" means any person with which any relevant person is acting in concert within the meaning of the City Code on Takeovers and Mergers as in force at the date of adoption of these Articles or would be so acting in concert if the City Code on Takeovers and Mergers applied in the relevant case;

"Connected Person" means any person with which any relevant person is connected (as determined in accordance with the provisions of section 839 of the Income and Corporation Taxes Act 1988);

"Controlling Interest" means Shares (or the beneficial interest in Shares) which confer in aggregate on the holders thereof more than 50% of the total voting rights conferred by all the Shares in issue at the relevant time and conferring the right to vote at all general meetings of the Company;

"Conversion Rate" means the rate as determined in accordance with Article 5.4;

"Coretec" means Core Technology Ventures Services of Crook Hall, Consett, Co Durham, DH8 7ND;

"Coretec Option" means an option to subscribe for up to 2000 Ordinary Shares that may be granted to Coretec in partial satisfaction of fees otherwise due to Coretec;

"CTIL" means Carbon Trust Investments Limited

"Current Price" means the Issue Price of an A Ordinary Share, subject to any adjustment thereto required to be made in accordance with Article 5.4.9;

"Deemed Transfer Notice" means a Transfer Notice deemed to be given under any provision of these Articles;

"Deferred Shares" means deferred shares of £0.01 (one pence) each in the capital of the Company

"DEFRA" means the Department for the Environment, Food and Rural Affairs of the government of the United Kingdom, or any successor organisation which assumes or is assigned the powers or responsibilities of DEFRA;

"Devolved Administration" means any of the Scottish Executive (Environment and Rural Affairs Department), the National Assembly for Wales and Invest NI, or, in each case, any successor organisation which assumes or is assigned any of the powers or responsibilities of such body;

"Dilutive Shares" has the meaning ascribed to that expression in Article 5.4.8;

"Director" means a director of the Company;

"Employee" means an employee of or consultant to the Company or any of its Subsidiaries including an executive Director;

"Equity Share" means any share comprised in the ordinary share capital of the Company;

"Exit Event" means the earliest to occur of a Sale or Listing;

"Family Trust" means, as regards any individual person or deceased individual, a trust (whether arising under a settlement, declaration of trust or other instrument by whomsoever made or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the shares in question is for the time being vested in any

person other than the individual and Privileged Relations of the individual and by virtue of which no voting or other rights attaching thereto are or may become liable to be exercisable by or as directed by or subject to the consent of any person other than the individual and Privileged Relations of the individual or the trustees as trustees of such trust;

"Fixed Dividend" has the meaning ascribed to that expression in Article 5.2.1;

"Group" means the Company and its Subsidiaries from time to time and **"member of the Group"** shall be construed accordingly;

"Government Department" means DEFRA and/or one or more of the Devolved Administrations, as applicable;

"Holding Company" means a holding company as defined in sections 736 and 736A of the Act;

"Investor Director" means a Director appointed by the Investors and holding office pursuant to Article 19.3;

"Investor Majority" means the acquiescence or positive indication (in writing) of at least three of the Investors;

"Investor Observer" has the meaning set out in Article 19.3.2;

"Investor's Group" means in respect of any Investor, any general or limited partner for the time being in that Investor and any subsidiary or holding company from time to time of any limited or general partner of that Investor and any subsidiary of such holding company and any other fund or scheme managed from time to time by that Investor's manager and any nominee of any of the foregoing and any subsidiary or holding company of an Investor or any subsidiary of any holding company of an Investor and in respect of Porton includes any person or entity bearing any of the same relationships to any of the entities comprising Porton and for the avoidance of doubt each entity comprising Porton shall be deemed to be a member of the same Investor Group as each other entity comprising Porton;

"Investment Agreement" means the agreement to be entered into on the date hereof between the Investors, the Managers (as defined therein), NorthStar Equity Investors Limited, Enterprise Ventures Limited and the Company;

"Investors" means COIF, CTIL, Porton and RSGF;

"Issue Price" means, in the case of a Share, the amount Paid Up on such Share (plus any premium paid on such Share);

"Listing" means the admission of the ordinary share capital of the Company to the Official List of the UK Listing Authority and to trading on the London Stock Exchange, or the grant of permission by any like authority to trading on the Alternative Investment Market of the London Stock Exchange or any other recognised investment exchange (as defined in Part XVIII of the Financial Services and Markets Act 2000);

"London Stock Exchange" means London Stock Exchange PLC;

"Member of the Same Group" means, in relation to any company, a company which is for the time being the ultimate Holding Company of which such company is a Subsidiary, or a Subsidiary of any such Holding Company;

"New Issue Price" means in relation to any issue of Equity Shares, the price at which the Dilutive shares are issued pursuant to such issue of Equity Shares;

"Non Dilutive Issue" means the issue by the Company of any Share in any of the following circumstances:-

- (a) pursuant to the exercise by the Investors of the right to convert A Ordinary Shares into Ordinary Shares in accordance with Article 5.4;
- (b) at any time subsequent to the date of the adoption of these Articles the issue of Equity Shares to employees, consultants or directors of the Company or any Subsidiary or to Coretec on exercise of the Coretec Option;
- (c) Shares issued by way of capitalisation of profits or reserves or by way of reinvestment of dividends;
- (d) any Shares issued in conjunction with a Listing; and
- (e) any Shares issued as consideration for any merger or acquisition approved by the Board;

"Ordinary Shareholders" means the holders for the time being of Ordinary Shares;

"Ordinary Shares" means the ordinary shares of £0.01 (one pence) each in the capital of the Company;

"Paid Up" means, in relation to a Share, paid up or credited as paid up;

"PCI" means Porton Capital Incorporated;

"PCT" means Porton Capital Technology Funds;

"Permitted Transfer" means a transfer of Shares pursuant to Article 10;

"Permitted Transferee" means a person to whom Shares are transferred pursuant to Article 10 and a person is regarded as the Permitted Transferee of a shareholder if the Shares held by such person have been transferred to it by or as a result of one or more successive Permitted Transfers the first of which was a transfer by such shareholder;

"Porton" means STL, PCI and PCT;

"Prescribed Period" has the meaning set out in Article 11.1;

"Privileged Relation" means, as regards any individual member or deceased or former individual member, the spouse or the widower or widow of the individual, or their nominated partner (provided that such

nominated partner can be shown to the reasonable satisfaction of the A Ordinary Shareholders to have been co-habiting with the relevant member for a period of at least three (3) years), and all lineal descendants of the individual and for such purposes a stepchild or adopted child or illegitimate child of any person shall be deemed to be a lineal descendant of such person;

"Proposing Transferor" has the meaning set out in Article 11.1;

"Qualifying IPO" means the becoming effective of a fully underwritten Listing with price per share equal to or greater than £3600 (adjusted to such price as the Auditors shall (acting as experts and not as arbitrators) certify as appropriate to take account of any subsequent capital distribution (as defined in Article 5.4.6(a)) or the subsequent occurrence of an event set out in Article 5.4.7) and with gross proceeds of £10,000,000 or more;

"Representative" means, in relation to a member, any person or persons who have become entitled to shares in consequence of his death, bankruptcy or mental incapacity;

"RSGF" means Rising Stars Growth Fund LP;

"Sale" means the sale of shares to any third party, being any person who is not a shareholder in the Company at the date of adoption of these articles of association, resulting in that third party (together with any other Concert Party) holding a Controlling Interest;

"Sale Shares" has the meaning set out in Article 11.1;

"Secretary" means the secretary of the Company;

"Shares" means the issued shares in the capital of the Company from time to time;

"STL" means Synergis Technologies Limited;

"Subsidiary" means a subsidiary of a company as defined in sections 736 and 736A of the Act;

"Table A" means Table A in the Schedule to the Companies (Tables A to F) Regulations 1985, as amended prior to the adoption of these Articles;

"Termination Date" means:

- (a) where employment ceases by virtue of notice given by the Company to the employee, the date on which such notice expires;
- (b) where a contract of employment is terminated by the Company and a payment is made in lieu of notice, the date on which notice of termination was served;
- (c) where an Employee dies, the date of his death;
- (d) where the Employee concerned is a Director but not an employee, the date on which his contract for services with Company is terminated; and

- (f) in any other case, the date on which the contract of employment is terminated.

"Transfer Notice" has the meaning set out in Article 11.1; and

"UK Listing Authority" means the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000.

1.2 **Same meanings as in the Act**

Words and expressions defined in the Act shall, unless the context otherwise requires, have the same meaning in these Articles.

1.3 **Statutory Modification**

In these Articles a reference to any statute or provision of a statute includes a reference to any statutory modification or re-enactment of it and to any subordinate legislation made under it in each case for the time being in force.

1.4 **Number, Gender and Person**

In these Articles, unless the context otherwise requires:

- (a) words in the singular include the plural, and vice versa;
- (b) words importing any gender include all genders; and
- (c) a reference to a person shall include bodies corporate, unincorporated associations and partnerships.

1.5 **Miscellaneous Interpretation**

In these Articles:

- (a) a reference to an Article is to a clause of these Articles and a reference to a Regulation is to a regulation in Table A;
- (b) references to writing include reference to typewriting, printing, lithography, photography and any other modes of representing or reproducing words in a legible and non-transitory form; and
- (c) references to a committee of the Directors are to a committee established in accordance with these Articles, whether or not comprised wholly of Directors.

1.6 **Headings**

Headings are inserted for convenience only and do not affect the construction or interpretation of these Articles.

2. **TABLE A**

The regulations contained in Table A shall apply to the Company save insofar as they are varied or excluded by or are inconsistent with these

Articles. Regulations 40, 50, 54, 64 to 71 (inclusive), 73 to 82 (inclusive), 84, 85, 88, 89, 93, 94 to 98 (inclusive) and 118 of Table A shall not apply to the Company.

3. **SHARE CAPITAL**

The authorised share capital of the Company at the date of the adoption of these Articles is £372,525.98, divided into 133,332 A Ordinary Shares, 119,266 Ordinary Shares and 37,000,000 Deferred Shares.

4. **CLASSES OF SHARES**

The shares of each class of shares shall entitle the holders thereof to the respective rights and privileges and subject them to the respective restrictions and provisions hereinafter appearing.

5. **CLASS RIGHTS**

5.1 **Capital**

On a winding up of the Company or other return of capital the surplus assets of the Company remaining after payment of its liabilities and all dividends declared but unpaid available for distribution among the members shall be applied as follows:

- (a) first, in repaying to the A Ordinary Shareholders an amount per A Ordinary Share equal to the Issue Price thereof together with a sum equal to any arrears and accruals of the Fixed Dividend calculated down to the return of capital;
- (b) second, in paying the holders of Deferred Shares £1 in aggregate. This payment shall be deemed satisfied by payment to any one holder of Deferred Shares
- (b) third, the balance of such assets shall belong to and be distributed among the holders of the A Ordinary Shares and the Ordinary Shares (pari passu as if the same constituted one class of shares) in proportion to the number of Shares held by them,

5.2 **Income**

- 5.2.1 The profits of the Company available for distribution shall be applied in paying to each holder of A Ordinary Shares, a dividend (the "**Fixed Dividend**") per A Ordinary Share as follows:

Amount: 8% of the Issue Price per A Ordinary Share per annum

Accrual Date: the date of adoption of these Articles

Payment Date: on the earlier of any Exit Event, conversion of A Ordinary Shares under Article 5.4 or the fifth anniversary of the date of adoption of these Articles.

- 5.2.2 Any remaining profits which the Board determines to distribute in any financial year shall be applied in paying a dividend to the holders of the Ordinary Shares and the A Ordinary Shares (pari passu as if the same were one class of share) provided always that no dividend or other distribution may be paid or made whilst there are accrued but unpaid Fixed Dividends.
- 5.2.3 Every dividend shall be distributed to the shareholders who held the relevant shares at the end of the period to which the dividend relates pro rata according to the number of fully paid up shares held by them respectively and shall accrue on a daily basis. For the avoidance of doubt no dividend shall be paid on any partly paid share. All dividends are expressed net and shall be paid in cash. The Fixed Dividend is cumulative.
- 5.2.4 Unless the Company has insufficient profits available for distribution and the Company is thereby prohibited from paying dividends by the Act or any other provisions of these articles the Fixed Dividend shall (notwithstanding regulations 102 to 108 of Table A) notwithstanding that there has not been a recommendation of the Directors or resolution of the Company in general meeting be paid immediately on each Payment Date detailed in article 5.2.1 above. If not so paid on the due date it shall be a debt due by the Company and be payable in priority to any other dividend. For the avoidance of doubt if there are insufficient profits to pay the Fixed Dividend in full the Company shall pay such proportion of that dividend as it can lawfully pay and the balance shall be a debt due by the Company payable in priority to any other dividend. All accrued but unpaid Fixed Dividends shall be paid immediately prior to an Exit Event.
- 5.3 **Not Used**
- 5.4 **Conversion of the A Ordinary Shares**
- 5.4.1 The A Ordinary Shares shall be automatically converted in their entirety into fully paid Ordinary Shares immediately prior to and conditional upon a Qualifying IPO at the rate of one Ordinary Share for each A Ordinary Share (the "**Conversion Rate**") held by the A Ordinary Shareholders, plus such amount of Ordinary Shares (calculated by reference to their market value, which shall be a sum equal to the per Share offer price relative to the Exit Event) as is equal to any accrued but unpaid dividends in respect of the A Ordinary Shares. The Conversion Rate shall be adjusted as provided in this Article 5.4 below.
- 5.4.2 Notwithstanding Article 5.4.1, the Investors may at any time by notice in writing (the "**Conversion Notice**") to the Company elect to convert all of the A Ordinary Shares held by them into fully paid Ordinary Shares at the Conversion Rate, plus such amount of Ordinary Shares (calculated by reference to their market value, which shall be such sum per Share as shall be agreed by the Directors or, failing agreement, as shall be determined by an independent expert in accordance with Article 11.7) as is equal to any accrued but unpaid dividends in respect of the A Ordinary Shares. The conversion shall be effected promptly and shall be deemed to take effect immediately upon the date of that notice to

the Company (the "**Conversion Date**") (unless the notice states that a conversion is to be effective when any conditions specified in the notice have been fulfilled, in which case conversion shall take effect when those conditions have been fulfilled) and the Company and the members shall do all that is necessary to procure that conversion. The Conversion Rate shall be adjusted as provided in this Article 5.4 below.

- 5.4.3 On the Conversion Date each A Ordinary Shareholder shall deliver the certificate(s) for those A Ordinary Shares (or an indemnity in form reasonably satisfactory to the Company in respect of any missing share certificate) to the Company whereupon the Company shall issue to the persons entitled thereto certificates for the Ordinary Shares arising on conversion. The converting A Ordinary Shareholders shall be deemed to be the registered holders of the relevant number of Ordinary Shares from the Conversion Date.
- 5.4.4 The Ordinary Shares to which an A Ordinary Shareholder is entitled on conversion:
- (a) shall be credited as fully paid;
 - (b) will carry the right to receive all dividends and other distributions declared, made or paid on the Ordinary Share capital of the Company in respect of which the record date falls after the applicable Conversion Date; and
 - (c) shall rank *pari passu* in all respects and form one class with the Ordinary Shares then in issue.
- 5.4.5 If while any A Ordinary Shares remain capable of being converted into Ordinary Shares there is a sub-division or consolidation of Ordinary Shares, there shall be issued to the A Ordinary Shareholders (by way of bonus issue, capitalisation of reserves or at nominal value) such number of A Ordinary Shares which if aggregated with the A Ordinary Shares held by the A Ordinary Shareholders immediately prior to such subdivision or consolidation, represents the same percentage on conversion of the issued share capital of the Company immediately after the subdivision or consolidation as was held by the A Ordinary Shareholders immediately prior to the subdivision or consolidation.
- 5.4.6 If while any A Ordinary Shares remain capable of being converted into Ordinary Shares, the Company shall make any capital distribution to the holders of Ordinary Shares, there shall be issued to the A Ordinary Shareholders (by way of bonus issue, capitalisation of reserves or at nominal value) such number of A Ordinary Shares as is determined to be appropriate by the Auditors (acting as experts and not as arbitrators) whose certificate shall be conclusive and binding on all concerned, to ensure that on conversion the A Ordinary Shareholders have the same percentage interest in the issued share capital of the Company after the capital distribution as they would have had on conversion before the capital distribution. For the purposes of this Article 5.4.6:
- (a) "**capital distribution**" means any dividend or other distribution of capital profits (whether realised or not) or

capital reserves or any dividend or other distribution of profits or reserves arising after the date of passing of the resolution creating the A Ordinary Shares from a distribution of capital profits (whether realised or not) or capital reserves by a Subsidiary, except, in either case, by means of a capitalisation issue made in the form of fully paid Ordinary Shares in relation to which an adjustment pursuant to Article 5.4.5 is made.

- (b) in so far as the relevant audited accounts do not distinguish between capital and revenue profits or reserves, the Company shall be entitled to rely upon a written estimate by the Auditors as to the extent to which any part of any profit or reserves should be regarded as of a capital nature.

5.4.7 In the event of any allotment of fully paid Shares by way of capitalisation of profits or reserves or upon any sub-division or consolidation of Ordinary Shares the Conversion Rate shall be adjusted as appropriate with effect from the date of such capitalisation, sub-division or consolidation.

5.4.8 In the event that the Company shall allot and issue any security which entitles its holder (or another person) to vote at a general meeting of the Company or to participate in the distribution of the assets of the Company on a liquidation or otherwise (an "Equity Interest") at a subscription price of less than the Current Price, other than a Non-Dilutive Issue (any Equity Interest issued at a subscription price of less than the Current Price otherwise than pursuant to a Non-Dilutive Issue being referred to as "Dilutive Shares") the Conversion Rate shall be adjusted (except in circumstances where such Shares are issued in their entirety to holders of A Ordinary Shares or Ordinary Shares or its or their Connected Persons) by multiplying the number of Ordinary Shares into which the A Ordinary Shares would have converted immediately prior to such issue of Dilutive Shares by a fraction of which the numerator shall be the Current Price and the denominator shall be NCP determined in accordance with the following formula:-

$$\text{NCP} = \text{CP} \times \frac{\text{S0} + (\text{AS}/\text{CP})}{\text{S0} + (\text{AS}/\text{NIP})}$$

Where:

NCP is the new Current Price

CP is the Current Price immediately prior to the operation of the above formula

S0 is the total number of Equity Shares in issue immediately prior to the issue of the Dilutive Shares plus the number of Ordinary Shares which would arise on conversion of the A Ordinary Shares at the Conversion rate applicable immediately prior to the issue of the Dilutive Shares plus all Equity Shares capable of issue or otherwise arising upon exercise in full of any options or warrants to subscribe for such

Shares or rights to convert into such Shares (excluding for this purpose the exercise of the right to convert the A Ordinary Shares into Ordinary Shares pursuant to this Article 5.4)

AS is the aggregate amount subscribed (including any permission) for the Dilutive Shares

NIP is the New Issue Price.

- 5.4.9 Within 14 days of the happening of any of the events listed in Articles 5.4.5 - 5.4.6 and 5.4.8, the Company shall notify the holders of the A Ordinary Shares then in issue, setting forth brief particulars of the event or events giving rise to such adjustment, the number of A Ordinary Shares to which they shall become entitled and/or the Conversion Rate and shall make available for their inspection (at such place as shall be specified in such notice) a copy of any report of the Auditors.
- 5.4.10 Should any issue of A Ordinary Shares under Articles 5.4.5 - 5.4.6 not be possible whether due to lack of distributable profits or otherwise, the voting, income and return of capital rights for, and all of the rights attributable to, the A Ordinary Shares held (and on a Qualifying IPO, the amount payable to the holders of the A Ordinary Shares pursuant to Article 5.4.1) shall be treated as adjusted to reflect the position which such holders would have been in had the further issue been made in accordance with these Articles.

5.5 Disputes

In the event of a disagreement as to the calculation of any amount payable by way of dividend or any other amount payable by the Company to the A Ordinary Shareholders, the disagreement may be referred by the Company or the Investors to an accountant (acting as an expert and not as an arbitrator) nominated by agreement (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales at the request of either the Company or the Investors) whose decision shall be final and binding. The cost of any such determination shall be borne by the Company.

6. CHANGES TO CLASS RIGHTS

- 6.1 Whenever the capital of the Company is divided into different classes of Shares the special rights attached to any class of Shares may be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of (i) 75% of the issued Ordinary Shares and (ii) 95% of the A Ordinary Shares, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the Shares of each class, but not otherwise. The provisions of these Articles relating to general meetings shall apply to such a class meeting, modified so far as necessary mutatis mutandis.

6.2 Without prejudice to the generality of Article 6.1, the special rights attaching to the A Ordinary Shares shall each be deemed to be varied at any time by any of the following:

- (a) an increase, reduction or other alteration in the issued share capital of the Company or any other member of the Group or a variation in the rights attaching to any class thereof, apart from an alteration arising out of a conversion of shares under these Articles;
- (b) the grant of an option to subscribe for shares in the Company or any other member of the Group or the issue of any securities or instruments convertible into shares in any such Company;
- (c) the creation by the Company or any other member of the Group of any mortgage, charge, pledge, lien, encumbrance or other security interest (excluding an interest arising by operation of law in the ordinary course of business);
- (d) the making of any material change (including cessation) in the nature of the business of the Group taken as a whole;
- (e) the alteration of the Memorandum of Association of the company or these Articles or the passing of any special or extraordinary resolution of the members or any class of them);
- (f) the declaration or payment of any dividend or the making of any other distribution in respect of the profits, assets or reserves of the Company or any other member of the Group other than any dividend declared in accordance with Article 5.2;
- (g) the institution of any proceedings for or the convening of any meeting for the passing of any resolution for, the winding-up or administration of the Company or any other member of the Group;
- (h) the removal of any Investor Director otherwise in accordance with Article 19;
- (i) the Company or any other member of the Group incurring an obligation to do any of the foregoing.

7. ISSUE OF SHARES

7.1 Pre-emption on Issue

Subject to Article 7.9, any equity securities in the capital of the Company which are unissued shall before they are issued whether for cash or otherwise be offered to the A Ordinary Shareholders and the Ordinary Shareholders in proportion, as nearly as may be, to their holdings.

7.2 Procedure for Offering

The offer referred to in Article 7.1 shall be made by notice specifying the number and class of equity securities offered, the proportionate entitlement of the relevant member, the price per equity security and a period (being not less than 21 days) within which the offer, if not accepted will be deemed to be declined. After the expiration of such time the Directors shall offer equity securities which have been declined or are deemed to have been declined to (i) first, to the A Ordinary Shareholders and (ii) to any persons (other than the A Ordinary Shareholders) who have within the said period accepted all the equity securities offered to them. Such further offer shall be on the same terms as the first offer and shall invite each of the holders to state in writing within a period (being not less than 14 days) whether he is willing to take any, and if so what maximum, number of the equity securities so offered. At the expiration of the time limit in respect of such further offer the Directors shall allot the equity securities so offered to or amongst the persons who have notified their willingness to take such equity securities and in the event of competition in proportion to the number of Ordinary Shares or A Ordinary Shares (as the case may be) held by such persons respectively. The Directors shall make such arrangements as they shall think fit concerning entitlements to fractions, overseas shareholders and shareholders unable by law or regulation to receive or accept any offer pursuant to this Article 7.

7.3 Allotment of Shares after Offers

At the expiration of the time limited by the notice or notices the Directors shall allot the equity securities so offered to or amongst the members who have notified their willingness to take all or any of such equity securities in accordance with the terms of the relevant offer. No member shall be obliged to take more than the maximum number of equity securities he has indicated a willingness to take.

7.4 Issue other than to Members

Any equity securities not accepted pursuant to the preceding provisions of this Article and any equity securities to which this Article does not apply by virtue of the provisions of Article 7.10 shall be at the disposal of the Directors who may allot, grant options over, or otherwise dispose of them to such persons at such time and generally on such terms and conditions as they determine provided that no equity securities shall be issued at a discount to par and provided further that, in the case of equity securities not accepted as aforesaid, such equity securities shall not be disposed of on terms which are more favourable to the subscribers thereof than the terms on which they were offered to the members.

7.5 Disapplication of Statutory Pre-emption Provisions

Sections 89 and 90 of the Act shall not apply to the Company.

7.6 No Renunciation of Allotment

No equity securities shall be allotted on the terms that the right to take up the equity securities allotted may be renounced in favour of, or assigned to, another person and no person entitled to allotment of an equity security may direct that such equity security may be allotted or issued to any other person.

7.7 **Special Resolution**

In Regulation 2 the words "**ordinary resolution**" shall be omitted and the words "**special resolution**" shall be substituted for them.

7.8 **Designation of Shares**

In the event that the A Ordinary Shareholders subscribe for Shares in accordance with this Article 7, they shall on issue be designated as A Ordinary Shares. Otherwise, they shall be designated as Ordinary Shares.

7.9 **Waiver or Variation**

With the direction of a special resolution of the Company and the prior approval of an Investor Majority any of the restrictions or other provisions of this Article 7 may be waived or varied by the Directors in relation to any proposed issue of equity securities.

8. **LIEN AND FORFEITURE**

8.1 **Lien to Attach to all Shares**

The lien conferred by Regulation 8 will also attach to fully Paid Up shares registered in the name of any person indebted or under liability to the Company, whether he is the sole holder or is one of two or more joint holders of such Shares.

8.2 **Pre-emption on Enforcement**

All Shares to be sold in the enforcement of the Company's lien or rights of forfeiture shall be offered in accordance with Article 7 as if they were unissued Shares of the Company. Regulations 9 and 20 shall be modified accordingly.

9. **TRANSFERS OF SHARES**

9.1 **General Restriction on Transfer**

Save in respect of Deferred Shares (with respect to the transfer of which to which see only Article 30), the right to transfer Shares in the Company shall be subject to the rights and restrictions set out in Articles 9 to 15 (inclusive) and no Share or any interest therein shall be transferred to or become vested in any person otherwise than in accordance with such provisions.

9.2 **Disposal of Whole Interest Only**

Save as permitted pursuant to these Articles, no transfer, disposal, charge, mortgage, assignment or other dealing in any Shares or any interest or right therein shall occur other than the transfer of the whole legal and equitable title to such Shares pursuant to these Articles free from all liens, charges and encumbrances and with all rights, title and interest in existence at the date of transfer together with all rights which may arise in respect thereof thereafter (and "**transfer of Shares**" shall be construed accordingly in these Articles).

9.3 Attempted Disposal of Interest in Shares

If a member at any time attempts to deal with, or dispose of, a Share or any interest therein or right attaching thereto otherwise than in accordance with the provisions of these Articles he shall be deemed immediately prior to such attempt to have given a Transfer Notice in respect of such Shares.

9.4 Equitable and Floating Charges

No member may create an equitable or floating charge on or over any of his Shares. If any such charge is created or established by any such member, such member shall remain the registered holder of the Shares in question and retain all rights and discretions in relation to the exercise of the voting and other rights attaching thereto and in the event that the chargee shall become entitled to realise his security or otherwise exercise his rights as charge and shall seek to do so such holder shall be deemed to have given a Transfer Notice immediately prior to such date.

9.5 Reasons for Declining to Approve a Transfer

The Directors shall not be entitled to decline to register the transfer of any Shares made pursuant to and complying with the provisions of Articles 9 to 13 (inclusive) unless:

- (a) they have substantial reasons for believing that a transfer purportedly made in accordance with any such provision is not in fact in any material respect in accordance therewith; or
- (b) it is a transfer to a person who the Board determines in its absolute discretion is competitive with the business being carried on by the Company or any other member of its Group or a person who has a material interest in any such entity,

in which event they shall decline to register such transfer.

9.6 Provision of Information - Transfer of Shares

For the purpose of ensuring that a transfer of Shares is in accordance with these Articles and duly authorised hereunder or that no circumstances have arisen whereby a Transfer Notice is or may be deemed to have been given hereunder or for the purpose of ascertaining when a Transfer Notice is or may be deemed to have been given hereunder or for the purpose of ascertaining whether any relevant provisions of these Articles apply, the Directors may require any member, the Representative of any member, the receiver, administrator, administrative receiver or the liquidator of any corporate member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the Directors shall think fit regarding any matter which they may deem relevant to such purpose. Failing such information or evidence being furnished to the reasonable satisfaction of the Directors within a reasonable time after request the Directors shall refuse to register the transfer in question or (in a case where no transfer is in question) shall by notice in writing deem that a Transfer Notice be given in respect of the shares concerned.

9.7 Member to Notify

If a member or any Representative of a member becomes aware of any event which is deemed to give rise, or may on determination by the Directors be deemed to give rise, to an obligation to serve a Transfer Notice or whereupon a Transfer Notice shall be deemed to be given he shall forthwith give notice thereof to the Directors.

9.8 Receipt of Deemed Transfer Notice

Where a Transfer Notice in respect of any Share is deemed to have been given under any provisions of these Articles and the circumstances are such that the Directors (as a whole) are unaware of the facts giving rise to the same such Transfer Notice shall be deemed to have been received by the Directors on the date on which the Directors (as a whole) actually became aware of such facts and the provisions of Article 11 shall apply accordingly.

9.9 Notice to A Ordinary Shareholders

The Directors shall forthwith give notice to the A Ordinary Shareholders upon the Directors becoming aware of any event or circumstance enabling the A Ordinary Shareholders to give a direction or make a request for the purposes of Article 10.5.

9.10 Suspension of Voting Rights

The voting rights attached to any Share in respect of which a Transfer Notice shall be deemed or required to have been given pursuant to these Articles shall forthwith be suspended until such time as the relevant Share shall have been transferred in accordance with these Articles or such time as the Directors shall have notified the member pursuant to Article 11.5 that they have no prospect of finding purchasers therefor. Any such suspension shall be ignored for the purpose of any calculation required for a determination of a Controlling Interest.

9.11 Waiver or Variation

With the direction of a special resolution of the Company and the prior approval of an Investor Majority any of the restrictions or other provisions of Articles 9 to 13 (inclusive) may be waived or varied by the Directors in relation to any proposed transfer of shares or any other matter.

9.12 Overriding Veto Right

Save for any transfer made in accordance with Articles 10, 13 or 14 (or of Deferred Shares), any transfer of Shares, in addition to falling within the provisions of Articles 9-13 (inclusive) may only be made with the written consent of an Investor Majority.

10. PERMITTED TRANSFERS

10.1 Interpretation

For the purpose of this Article 10:

"Transferor Company" means a company (other than a Transferee Company) which has transferred or proposes to transfer Shares to a Member of the Same Group (and in the case of a series of transfers the relevant Transferor Company for the purposes of determining whether any company shall be or shall have ceased to be a Member of the Same Group shall be the first transferor in such series);

"Transferee Company" means a company for the time being holding Shares in consequence, directly or indirectly, of a transfer or series of transfers of Shares between Members of the Same Group;

"Relevant Shares" means (so far as the same remain for the time being held by any Privileged Relation or the trustees of any Family Trust or by any Transferee Company) the Shares originally acquired by such Privileged Relation or trustees of any Family Trust or Transferee Company and any additional Shares issued to such Privileged Relation or trustees of any Family Trust or Transferee Company by way of capitalisation, sub-division or consolidation or acquired by such person in exercise of any right or option granted or arising by virtue of the holding of the Relevant Shares or any of them or the membership thereby conferred.

10.2 Permitted Transfers

10.2.1 Any Shares may at any time be transferred without the giving of a notice under Article 11.1 where the following is demonstrated to the reasonable satisfaction of the Board:

- (a) by an individual member (not being in relation to the Shares concerned a holder thereof as a trustee of any Family Trust or a nominee) to a Privileged Relation of such member; or
- (b) by any such individual member to trustees to be held upon a Family Trust of which the individual member is the settlor provided that such member gives prior written notice of the transfer to the Company; or
- (c) by any member being a company (not being in relation to the Shares concerned a holder thereof as a trustee of any Family Trust or nominee) to a Member of the Same Group as the Transferor Company; or
- (d) by any member who holds Shares as nominee or trustee for a limited partnership or trust which is primarily a vehicle for institutional investors to any other nominee or trustee for the limited partnership or trust; or
- (e) subject to Article 12, by any person entitled to Shares in consequence of the death of an individual member to any person to whom such individual member, if not dead, would be permitted hereunder to transfer the same; or
- (f) by any member to any employee share option scheme established by the Company for the benefit of its employees.

10.2.2

Investor's Shares

Notwithstanding any other provisions of these articles a transfer of shares or any interest in shares in the Company held by any member of an Investor's Group (or its transferee in accordance with this Article 10.2.2) may be made:

- (a) between the member of that Investor's Group holding such shares and any other member of that Investor's Group;
- (b) to any affiliated or parallel fund or partnership (or nominee thereof) managed or advised by such Investor, or by that Investor's fund manager;
- (c) to any participant or partner in or member of such fund, partnership or other entity (or nominee thereof) in respect of which the shares to be transferred are held;
- (d) to such Investor itself or any successor manager of such fund or partnership;
- (e) to any person, body, firm or partnership whose business comprises to a material extent the holding for investment purposes of securities in and/or the provision of debt and other financial facilities to United Kingdom unlisted companies and includes any subsidiary, nominee, custodian or manager used by such person, firm or partnership to hold such investments or to make available such facilities;
- (f) to any subsidiary or holding company from time to time of any limited or general partner of such fund or partnership;
- (g) with the prior written consent of an Investor Majority;
- (h) in the case of CTIL and its Permitted Transferees, from CTIL to a Government Department or to any entity which succeeds to all or part of the business or activities of CTIL
- (i) in each case without restriction as to price or otherwise and the Directors shall register any such transfer.

10.3 **Family Trusts**

Where Shares are held by trustees of a Family Trust, the trustees and their successors in office may (subject to the provisions of Article 10.2.1 (b) and 10.4) transfer all or any of the Relevant Shares without the giving of a notice under Article 11.1 as follows:

- (a) to the trustees for the time being of the Family Trust concerned on any change of trustees for that Family Trust;
- (b) to the trustees for the time being of any other trust being a Family Trust in relation to the same individual member; and
- (c) to the relevant member or former member who made the original transfer permitted pursuant to Article 10.2 or any Privileged Relation of such relevant member.

10.4 **Cessation of Permitted Transfer Relationship**

If following any transfer of Shares permitted pursuant to this Article:

- (a) any person to whom Shares are transferred as a Privileged Relation ceases to be a Privileged Relation of the relevant member;
- (b) any of the Relevant Shares come to be held otherwise than upon a Family Trust related to the relevant member;
- (c) a Transferee Company ceases to be a Member of the Same Group as the Transferor Company;

in each case other than as permitted by or in accordance with the provisions of these Articles it shall be the duty of the relevant member and the former holder of the Relevant Shares to notify the Directors in writing that such event has occurred. Within three months of service of such notice or the date on which the Board otherwise becomes aware that such event has occurred (unless the Relevant Shares are transferred within six weeks of the occurrence of such event to the relevant member or former member or to any person to whom a transfer of Shares by such relevant member or former member would be permitted pursuant to this Article, any such transfer being deemed to be authorised under the foregoing provisions of this Article) the Directors shall be entitled to determine that the trustees of the former Family Trust, the former Privileged Relation, the Transferee Company shall be deemed to have given a Transfer Notice in respect of the Relevant Shares.

10.5 **Direction by the A Ordinary Shareholders**

The Directors shall determine that a Transfer Notice shall be deemed to have been given in respect of the Relevant Shares for the purposes of Article 10.4 if so required by notice in writing from an Investor Majority.

10.6 **Transfer between holders of different classes of Shares**

Any A Ordinary Shares that are acquired by a holder of Ordinary Shares (other than RSGF or its Permitted Transferees) shall, upon transfer automatically be converted into Ordinary Shares and the authorised share capital of the Company shall be amended accordingly.

11. **PRE-EMPTION RIGHTS**

11.1 **Transfer Notice**

Before transferring any A Ordinary Shares or Ordinary Shares, save for a permitted transfer pursuant to Articles 10.2 or 10.3 or transfers made in accordance with Articles 13 or 14, the A Ordinary Shareholder or the Ordinary Shareholder proposing to transfer the same (the "**Proposing Transferor**") shall give notice in writing (the "**Transfer Notice**") to the Company that he proposes to transfer such Shares (the "**Sale Shares**") and, in the event that the Proposing Transferor shall have reached an agreement or an arrangement with a third party for the sale of the Sale Shares to such third party, the Proposing Transferor shall state in the Transfer Notice the name of such third party, the price per share at which

the Sale Shares are to be sold to such third party and all other material terms of the proposed transfer. The Transfer Notice shall constitute the Company (by the Board) as agent for the transfer of the Sale Shares at the Prescribed Price referred to below and for the period expiring three months after the date of the Transfer Notice or ten weeks after the agreeing or determination of the Prescribed Price, whichever shall be the later, (the "**Prescribed Period**") in accordance with the following provisions of this Article 11. Save as hereafter provided, a Transfer Notice once given or required to be given or deemed to have been given shall be irrevocable. A Transfer Notice (other than a Transfer Notice required to be given or deemed to have been given pursuant to these Articles) may contain a provision that unless all or a specified number of the Sale Shares are sold by the Company within the Prescribed Period pursuant to this Article 11, the Transfer Notice shall be withdrawn and any such provision shall be binding on the Company.

11.2 **Offer of Sale Shares**

- 11.2.1 The Sale Shares shall, within 28 days of the date the Transfer Notice is received by the Company or is deemed to have been given or within 14 days after the Prescribed Price (as defined below) shall have been agreed or determined as hereinafter provided, whichever shall be the later, be offered by the Company in writing for purchase at the Prescribed Price. Such offer shall be made (i) first to the A Ordinary Shareholders (excluding the Proposing Transferor) in proportion to their holdings and (ii) second, to the Ordinary Shareholders (excluding the Proposing Transferor) in proportion to their holdings.
- 11.2.2 Each such offer shall specify a time (being not less than 90 days in the case of an initial offer and 28 days in the case of a subsequent offer) within which it must be accepted failing which it will lapse. In the case of competition in respect of any such offer the Sales Shares so offered shall be allocated to the acceptors in proportion (as nearly as may be without involving fractions or increasing the number sold to any member beyond that applied for by him) to their existing holding of the relevant class or classes of shares.

11.3 **Notification of Purchasers**

If the Directors shall within the Prescribed Period find members (each such person being a "**Purchaser**") to purchase the Sale Shares or any of them and give notice in writing thereof to the Proposing Transferor he shall be bound, upon payment of the Prescribed Price, to transfer such of the Sale Shares to the respective Purchasers. If the Transfer Notice stated that the Proposing Transferor was not willing to transfer part only of the Sale Shares or less than a specified number of such Sale Shares, the obligation in this Article 11 to transfer the Sale Shares shall not apply unless the Directors shall have found Purchasers for the whole of the Sale Shares or not less than such specified number. Every such notice from the Directors shall state the name and address of the Purchaser concerned and the number of Sale Shares agreed to be purchased by him. The purchase shall be completed as soon as reasonably practicable at a place and time to be appointed by the Directors, when against payment of the Prescribed Price and any relevant stamp duties, the Proposing Transferor shall deliver transfers in favour of the Purchaser(s) together with the share certificates in respect of the relevant Sale Shares and the Purchasers shall be

registered as the holders of the relevant Sale Shares in the register of member of the Company and share certificates in the names of such Purchasers and in respect of the relevant Sale Shares shall be issued and delivered.

11.4 Failure to Transfer

If a Proposing Transferor, after having become bound to transfer any Sale Shares to a Purchaser, shall make default in so doing or shall fail to deliver share certificates in respect thereof, the Directors may authorise some person to execute and deliver on his behalf any necessary transfer in favour of the Purchaser and shall receive the purchase money and shall thereupon (subject to the transfer being duly stamped) cause the name of the Purchaser to be entered into the register of members as the holder of the relevant shares. The Company shall hold the purchase money in trust for the Proposing Transferor but shall not be bound to earn or pay interest thereon. The receipt of the Company for the purchase money shall be a good discharge to the Purchaser who shall not be bound to see to the application thereof and after the name of the Purchaser has been entered in the register of members in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.

11.5 Purchasers not found for Sale Shares

If the Directors shall not within the Prescribed Period find purchasers willing to purchase all the Sale Shares (or any lesser number specified in the Transfer Notice for the purpose of Article 11.1) at the Prescribed Price or if the Directors shall within the Prescribed Period give to the Proposing Transferor notice in writing that the Directors have no prospect of finding purchasers, the Proposing Transferor at any time thereafter up to the expiration of six weeks after the Prescribed Period shall be at liberty to transfer those Sale Shares for which the Company has not found (or has given notice that it has no prospect of finding) purchasers to any person by way of a bona fide sale at any price not being less than the Prescribed Price (after deducting where appropriate, any dividend or other distribution declared or made in respect of the Sale Shares after the giving of the Transfer Notice and to be retained by the Proposing Transferor) and otherwise on the terms set out in the Transfer Notice, provided that:

- (a) if the Transfer Notice shall state that the Proposing Transferor is not willing to transfer part only of the Sale Shares or less than a specified number of the Sale Shares he shall not be entitled to transfer any of such Sale Shares unless in aggregate the whole of such Sale Shares or, as relevant, not less than the specified number of such Sale Shares are so transferred;
- (b) the Directors may require to be satisfied that the Sale Shares are being transferred pursuant to a bona fide sale upon the material terms and for the consideration stated in the transfer without any deduction, rebate or allowance whatsoever to the Purchaser (other than in respect of any dividend or other distribution as referred to above) and if not so satisfied may refuse to register the instrument of transfer; and

- (c) the provisions of this Article 11.5 shall not apply in the case of a Deemed Transfer Notice.

11.6 **Prescribed Price for Sale Shares**

Save in respect of a Transfer Notice served upon the happening of a Compulsory Relevant Event pursuant to Article 12.1.2, the expression "**Prescribed Price**" shall mean in respect of each Sale Share:

- (a) the price per share (if any) specified in the Transfer Notice in accordance with the foregoing provisions; or
- (b) if:
 - (i) the relevant Transfer Notice does not name a proposed transferee and does not set out a price per share at which the Sale Shares are proposed to be sold; or
 - (ii) a Transfer Notice is deemed or is required to be given; or
 - (iii) such named proposed transferee is a Connected Person or Concert Party with the Proposing Transferor; or
 - (iv) the terms on which such shares are to be sold to the named proposed transferee do not fully reflect the terms of the proposed transaction or are otherwise than a fixed cash sum payable in full on completion of the sale (for example, because the consideration is to be satisfied otherwise than in cash or because some deduction, consideration, rebate, allowance or arrangement is being made or is passing between the Proposing Transferor and the proposed transferee in addition to the price per share set out in the Transfer Notice),

such sum per share shall be agreed between the Proposing Transferor and the Directors or, failing agreement, as shall be determined by an independent expert ("**Expert**") in accordance with Article 11.7.

11.7 **Determination of Prescribed Price by Expert**

The Expert shall be appointed by agreement between such parties who have failed to agree the Prescribed Price or, failing agreement as to such appointment, by the President for the time being of the Institute of Chartered Accountants in England and Wales. The Expert shall state in writing what is in his opinion the fair selling value of the Sale Shares on the open market as between a willing seller and a willing purchaser by reference to the value of the whole of the issued share capital of the Company and not taking account as to whether or not the Sale Shares represent a majority or minority of the shares and not taking account of the restrictions on the transferability of the Sale Shares. For this purpose, the Expert shall be given by the Directors, and shall take account of, all information which a prudent prospective purchaser might reasonably require if he were proposing to purchase the Sale Shares from a willing

seller by private treaty and at arm's length together with such information as any member of the Company may wish to provide to him such other information as he may reasonably require. In so stating his opinion, the Expert shall be deemed to act as an expert and not as an arbitrator and his determination shall be final and binding on all concerned. The costs involved in the Expert's determination of the Prescribed Price shall, in the absence of any determination by the Expert, be borne as to one half by the *Proposing Transferor* and as to the other half by the *Purchasers* (and as between the *Purchasers* pro rata to the number of shares purchased).

11.8 **Failure to complete by Purchaser**

Where the Directors shall have found a *Purchaser* or *Purchasers* and through no default of the *Proposing Transferor* any purchase is not duly completed, the Directors shall forthwith notify the *Purchaser* or *Purchasers* (as the case may be) and if within 7 days of such notice being given, the *Purchaser* or *Purchasers* between them shall not have duly completed the purchase of the *Sale Shares* in respect of which there has been default in completion, the *Proposing Transferor* shall be deemed to have served a *Transfer Notice* in respect of such shares and the procedure contained in this Article 11 shall be repeated in respect of them.

12. **COMPULSORY TRANSFER**

12.1 **Interpretation**

For the purposes of this Article 12:

12.1.1 a "**Compulsory Relevant Event**" shall occur when:

- (a) an individual (a "**Leaver**") ceases to be Engaged by the Group (a "**Cessation**") at any time when the *Leaver*, or any Permitted Transferee of such *Leaver*, is the beneficial owner of any Shares;
- (b) in relation to an individual member, such member is adjudicated bankrupt;
- (c) in relation to a member being a body corporate;
 - (i) a receiver, manager, administrative receiver or administrator being appointed of such body corporate or over all or any part of its undertaking or assets or such body corporate entering into liquidation (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction) or an analogous event to the foregoing occurring in relation to a body corporate incorporated other than in England and Wales; or
 - (ii) such body corporate referred to in (i) above or the liquidator, receiver, manager, administrative receiver, administrator or other representative thereof acquiring shares pursuant to a right or interest obtained by such body corporate prior to any such event;

12.1.2 For the purpose of this Article:

- (a) a person is "**Engaged**" by the Group if he is a director or is engaged in the business of any member of the Group whether as an employee or consultant or under any contract whereby his services are made available to any member of the Group;
- (b) a person "**ceases to be Engaged**" at the first time that such person (for whatever reason) is no longer Engaged in any capacity by any member of the Group; and
- (c) a "**Bad Leaver**" means a Leaver who ceases to be Engaged by the Group other than as a result of:
 - (i) his death;
 - (ii) his permanent incapacity or illness;
 - (iii) *his retirement at normal retirement age*;
 - (iv) the termination of his employment by reason of redundancy; or
 - (v) a wrongful termination of his employment by the Company or where a competent tribunal (after final appeal) has held that his dismissal from that employment was unfair;
 - (vi) by mutual agreement (but only where the Company's agreement has been ratified by an Investor Majority);
 - (vii) in the case of a consultancy or contract for services, such arrangements are terminated by the Company (except where the Company properly terminates the arrangements for breach by the consultant or contractor).

12.1.3 upon the happening of a Compulsory Relevant Event, a Transfer Notice pursuant to Article 11.1 shall be deemed to have been served on the relevant Termination Date in respect of:

- (a) all Shares held by the member immediately before the Compulsory Relevant Event; and
- (b) all Shares then held by the member's Privileged Relations and/or Family Trusts (other than Shares which the Directors are satisfied were not acquired by such holders either (i) directly or indirectly from the member or (ii) by reason of their connection with the member and the decision of the board of directors in this respect will be final);

12.1.4 upon the happening of a Compulsory Relevant Event the Prescribed Price in the Transfer Notice deemed to be issued pursuant to Article 12.1.3 shall (except where the Compulsory Relevant Event is a Cessation that occurs after the later of 3 years after the date of

adoption of these Articles or, in the case of a Leaver, 3 years after the start of their relevant engagement in the business of any member of the Group or, if occurring prior to that date, where the Leaver is not a Bad Leaver) be restricted to the amount fully Paid Up for such Shares;

12.2 **Bankruptcy**

If the Compulsory Relevant Event shall be the bankruptcy of a member and if any of the Shares which are offered pursuant to the Transfer Notice shall not be sold to the members ("**Unsold Shares**") then, after the expiration of the period during which the Unsold Shares might have been purchased by a member or members pursuant thereto, the Representatives of the member in question shall be entitled to elect at any time before the Shares are disposed of by them to be registered themselves as the holders of the Unsold Shares (but so that such election shall not give rise to any obligation to serve a Transfer Notice in respect of the Unsold Shares).

13. **TAG ALONG ON CHANGE OF CONTROL**

13.1 **Interpretation**

For the purpose of this Article 13:

13.1.1 the "**Specified Price**" shall mean the highest price per Share at which the Buyer shall have acquired or offered to acquire any Share in the Company in the period since the date one year prior to the making of the offer required pursuant to this Article plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable in respect of any such Shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for any such shares; and

13.1.2 "**acceptance**" and "**offer**" shall include the execution of a sale agreement between the Buyer and the shareholders or some of them.

13.2 **Offer to all Shareholders**

13.2.1 Notwithstanding any of the provisions of these Articles, no person (the "**Buyer**") shall be entitled or permitted to obtain a Controlling Interest in the Company and no Share may be transferred if as a result a Buyer would obtain a Controlling Interest in the Company unless:

- (a) an Investor Majority consents in writing to the transfer; and
- (b) the Buyer makes a written offer (open for acceptance for a period of at least 28 days and with adequate security as to the performance of its obligations) to all the A Ordinary Shareholders and all the Ordinary Shareholders to purchase all of the Shares held by them at the Specified Price.

13.2.2 Any offer made pursuant to Article 13.2.1 shall not be made conditional upon all or any of the members accepting it or any

other condition and shall be on terms that it may be accepted by each member in respect of all or any part of his Shares. The consideration shall be payable in cash in full without any set off within 21 days of acceptance of the offer.

13.3 **Calculation of Specified Price**

In the event of disagreement on the calculation of the Specified Price, the disagreement shall be referred by the Directors to an independent expert (acting as expert and not as arbitrator) nominated by the Directors (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales at the request of any of the parties concerned) whose decision shall be final and binding. The costs of any such independent expert shall be borne by the Company.

13.4 **Completion of Offer**

The Buyer shall complete the purchase of all Shares in respect of which such offer is accepted before or at the same time as the Buyer completes the purchase of the Shares the proposed transfer which required a written offer to be made pursuant to this Article. Any transfer pursuant to such written offer shall not require the Proposing Transferor to give a Transfer Notice. The directors shall not register any transfer to the Buyer and the Buyer shall not be entitled to exercise or direct the exercise of any rights in respect of any shares to be transferred to the Buyer until in each case the Buyer has fulfilled all his obligations pursuant to this Article.

13.5 **Exclusion of Pre-emption Rights**

The provisions of Article 11 shall not apply to any transfers made under this Article 13.

14. **COMPULSORY PURCHASE**

14.1 **Compulsory Purchase Notice**

If:

- (a) as a result of an offer made pursuant to Article 13.2, a Buyer acquires a Controlling Interest in the Company; or
- (b) at any time Investors holding at least 75% of the A ordinary Share held by all of the Investors intend to sell as part of a bona fide arm's length transaction all of their A Ordinary Shares (or any interest therein) to a willing purchaser (the "**Preferred Buyer**") and having served notice on the Company identifying the proposed price per Share;

then either (in the event of (a) above) the Buyer or (in the event of (b) above) the Preferred Buyer may by written notice to the Company require the Company as agent for either the Buyer or the Preferred Buyer (as appropriate) to serve notices (each a "**Compulsory Purchase Notice**") on the holders of Ordinary Shares and the A Ordinary Shares who have not accepted such offer (the "**Minority Shareholders**") requiring them to sell such Shares to either the Buyer or Preferred Buyer (as appropriate) at the Specified Price per Share. The Company shall serve the Compulsory Purchase Notices forthwith and for 28 days from the service of the

Compulsory Purchase Notices the Minority Shareholders shall not be entitled to transfer their shares to anyone except the Buyer or Preferred Buyer (as appropriate).

14.2 Completion of Compulsory Purchase

The Buyer shall complete the purchase of all Shares in respect of which a Compulsory Purchase Notice has been given at the same time and no later than 21 days from the date of the serving of such Compulsory Purchase Notices. The consideration shall be payable in cash in full without any set off. Any transfer pursuant to a Compulsory Purchase Notice shall not require the selling member to give a Transfer Notice. The Directors shall not register any transfer to the Buyer and the Buyer shall not be entitled to exercise or direct the exercise of any rights in respect of any shares to be transferred to the Buyer until in each case the Buyer has fulfilled all his obligations pursuant to this Article.

14.3 Failure to comply with Compulsory Purchase Notice

If in any case a Shareholder, on the expiration of 28 days from the service of the Compulsory Purchase Notice, shall not have transferred his Shares to the person identified by the Buyer or Preferred Buyer (as the case may be) against payment of the price therefore, the Directors may authorise any person to execute and deliver on his behalf any necessary transfer in favour of the Buyer or Preferred Buyer (as the case may be) or the person identified by it and shall receive the purchase money in respect of such Shares and shall thereupon (subject to the transfer being duly stamped) cause the name of the Buyer or Preferred Buyer (as the case may be) (or the person identified by it) to be entered into the register of members as the holder of the relevant Shares. The Company shall hold the purchase money in trust for the Minority Shareholder but shall not be bound to earn or pay any interest thereon. The receipt of the Company for the purchase money shall be a good receipt for the price of the relevant shares but the Buyer or the Preferred Buyer (as the case may be) shall not be discharged from procuring that the Company applies the money in payment to the Minority Shareholder which shall be made against delivery by the Minority Shareholder of the certificate in respect of the shares or an indemnity in respect of the same. After the name of the Buyer or the Preferred Buyer (as the case may be) or the person identified by it has been entered in the register of members in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.

14.4 Exclusion of Pre-emption Rights

The provisions of Article 11 shall not apply to any transfers made under this Article 14.

15. NOT USED

16. PROCEEDINGS AT GENERAL MEETINGS

16.1 Quorum

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Two persons entitled to vote upon the business to be transacted, one

being an A Ordinary Shareholder (or their proxy or a duly authorised representative of a corporate A Ordinary Shareholder) and the other being a member or a proxy for a member or a duly authorised representative of a corporate member, shall be a quorum. If, at any adjourned meeting which has been so adjourned pursuant to Regulation 41, a quorum is not present within half an hour of the time appointed for the adjourned meeting or if during a meeting a quorum ceases to be present, the meeting will be dissolved. Regulation 41 shall be construed accordingly.

16.2 **Poll**

A poll may be demanded at any general meeting by the Chairman or any member or members present in person or by proxy or by a duly authorised representative of a corporate member in each case representing not less than 5% of the total voting rights of all the members having the right to vote at the meeting. Regulation 46 shall be modified accordingly.

16.3 **Signed Resolutions**

A resolution executed or approved in writing by or on behalf of the holders of the whole of the issued shares entitled to vote thereon shall be as valid and effective for all purposes as a resolution passed at a general meeting duly convened and held and may consist of several documents in the like form, each executed by or on behalf of one or more persons. In the case of a corporation, the resolution may be signed on its behalf by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative. Signature of documents sent by facsimile will be valid and acceptable under this paragraph.

17. **VOTES OF MEMBERS**

17.1 **Votes of Members**

17.1.1 Shares in the Company shall carry votes as follows:

Ordinary Shares: one vote per share

A Ordinary Shares: one vote per share

17.1.2 Votes on shares may be exercised:

- (a) on a show of hands by every member who (being an individual) is present in person or (being a corporation) is present by a representative (in which case each member holding shares with votes shall have one vote);
- (b) on a poll by every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by a proxy (in which case each member holding shares with votes shall have one vote for each such share held).

17.2 **No Casting Vote of Chairman**

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place

or at which the poll is demanded shall not be entitled to a casting vote in addition to any other vote he may have.

18. NUMBER OF DIRECTORS

- 18.1 Unless otherwise determined by ordinary resolution, the number of Directors (including the Investor Directors) shall be not more than ten nor less than three.

19. APPOINTMENT OF DIRECTORS

- 19.1 Subject to Article 19.3, the Company by ordinary resolution may appoint another person in place of a Director removed from office by resolution of a general meeting and, without prejudice to the powers of the Directors under Article 19.2, the next following regulation, may appoint a person who is willing to be a Director either to fill a vacancy or as an additional Director.

- 19.2 The Directors may appoint a person who is willing to be a Director either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed the number fixed by Article 18 as the maximum number of Directors.

19.3 Appointment of Investor Director and Directors

- 19.3.1 For so long as they shall hold any Shares each of the Investors shall be entitled to appoint and remove any one person to be a Director of the Company. A Director appointed pursuant to this Article 19.3.1 may at any time be removed from office by that Investor who may appoint another such person approved as aforesaid in his place. Any such appointment or removal as aforesaid shall be in writing served on the Company and signed on behalf of the relevant Investor and shall take effect forthwith upon service of such notice on the Company which shall include delivery to the registered office of the Company, or to a meeting of the Board or to the Secretary.

- 19.3.2 For so long as they shall hold any Shares, each of the Investors shall be entitled to appoint and remove one person (the "**Investor Observer**") who shall have the right to receive notice of and to attend all meetings of the Directors and any meeting of any duly established committee of the Board, and to receive all documentation relating thereto, but who shall not be entitled to vote at any such meeting.

19.4 Investor Director Holding Office

Each Investor Director shall hold office until he is either removed pursuant to this Article 19 or dies or vacates office pursuant to Article 25. Each Investor Director shall resign immediately upon the cessation of the A Ordinary Shareholder appointing him to hold any Shares.

19.5 Disclosure of Information

Each Investor Director and each Investor Observer shall be at liberty from time to time to make such disclosure to the A Ordinary Shareholders (or any of them) concerning the Group as he shall think fit.

20. **ROTATION OF DIRECTORS**

20.1 **Directors Not to Rotate**

The Directors shall not be liable to retire by rotation.

21. **ALTERNATE DIRECTORS**

21.1 **Appointment and Removal**

Any Director (other than an alternate director) may from time to time appoint any other Director or any person approved by the Board (such approval not to be unreasonably withheld or delayed) to be an alternate director of the Company and may at any time remove from office any alternate director so appointed by him and appoint another person approved aforesaid in his place. Any appointment of an alternate director may provide for two or more persons in the alternative to act as an alternate director.

21.2 **Notice of Appointment or Removal**

Any such appointment or removal shall be by notice to the Company signed by the Director making or revoking the appointment and shall take effect upon service on the Company at its registered office or in any other manner approved by the Directors.

21.3 **Cessation of Appointment**

An alternate director shall ipso facto cease to be an alternate director if his appointor ceases for any reason to be a Director or on the happening of an event which, if he were a Director, would cause him to vacate the office of Director, or if by written notice to the Company, he resigns his appointment.

21.4 **Functions of Alternate Director**

An alternate director shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served on him) be entitled to receive notices of all meetings of Directors, to attend, to be counted in the quorum for and to vote as a Director at any such meeting at which the Director appointing him is not personally present and generally to perform all functions of his appointor as a Director in the absence of such appointor including, without prejudice to the generality of the foregoing, power to sign any resolution pursuant to Article 26.4.

21.5 **Voting Rights Cumulative**

A Director acting as alternate shall have an additional vote at meetings of the Board for each Director for whom he acts as alternate but he shall only count as one person for the purpose of determining whether a quorum is present.

21.6 **Alternate Director Responsible for Own Acts**

An alternate director shall be deemed to be an officer of the Company and shall alone be responsible for his own acts and defaults and the Director so

appointing him shall not be responsible for the acts and defaults of an alternate director so appointed. He shall be entitled to be indemnified by the Company to the same extent as if he were a Director.

21.7 Remuneration

The remuneration of any such alternate director shall be payable out of the remuneration payable to the Director appointing him and shall consist of such part (if any) of the last mentioned remuneration as may be agreed between the alternate director and the Director appointing him.

21.8 Power to Act

Save as otherwise provided in these Articles an alternate director shall not have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles.

22. NO SHARE QUALIFICATION

A Director and alternate director shall not require a Share qualification but nevertheless shall be entitled to attend and speak at any general meeting of the Company and at any separate meeting of the holders of any class of Shares of the Company.

23. POWERS OF DIRECTORS

23.1 Management of the Business

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

23.2 Appointment of Agent

The Directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for any purposes and on any conditions as they determine, including authority for the agent to delegate all or any of his powers.

23.3 Pension funds

The Directors may, with the consent of an Investor Majority, establish and maintain, or procure the establishment and maintenance of, any pension or superannuation funds (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances and emoluments to, any persons (including Directors and other officers) who are or were at any time in the employment or service of the Company, or of any company which is or was a Subsidiary of the Company or an Associate, or of any of the predecessors in business of the Company or of any such other company as stated above, and the spouses, widows, widowers, families and dependants of any such persons, and make payments to, for or towards the insurance of or provide benefits otherwise for any such persons as stated above.

23.4 Remuneration of Non-Executive Director

The remuneration of non-executive Directors will, unless otherwise agreed, be fixed by the Board and, unless otherwise resolved, shall be deemed to accrue from day to day.

23.5 Borrowing Powers of the Board

The Board may exercise all the powers of the Company to borrow money and, subject to the provisions of these Articles, to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures and other securities.

24. DIRECTORS' INTERESTS

A Director (including an alternate director) who is in any way either directly or indirectly interested in a contract or arrangement, or proposed contract or arrangement with the Company must declare the nature of his interest at a meeting of the Board in accordance with section 317 of the Act. Subject to such a disclosure, a Director will be entitled to vote in respect of any contract or arrangement in which he is interested or upon any matters arising therefrom, and if he so votes his vote shall be counted, and he shall be counted in the quorum when any such contract or arrangement is under consideration.

25. DISQUALIFICATION OF DIRECTORS

The office of a Director shall be vacated:

- (a) if, by notice in writing to the Company, he resigns the office of Director;
- (b) if he shall for more than 6 consecutive months have been absent without permission of the Board from meetings of the Board held during that period, unless he shall have appointed an alternate director who has not been similarly absent during such period;
- (c) if he appears unable to pay a debt which is payable immediately or to have no reasonable prospect of paying a debt which is not immediately payable in either case within the meanings given to such expressions in section 268 of the Insolvency Act 1986;
- (d) if he is subject to an interim order under section 252 of the Insolvency Act 1986 or enters into a voluntary arrangement within the meaning given in section 253 of that Act;
- (e) if, having been appointed as an Investor Director pursuant to Article 19.3, he is removed from office by those entitled to remove him;
- (f) if he is prohibited from being or is disqualified as a Director by an order made under any provision of the Insolvency Act 1986 or the Company Directors Disqualification Act 1986;

- (g) if he is, or may be, suffering from mental disorder and either:
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;
- (h) if, in the case of a Director who holds any executive office, his appointment as such is terminated or expires and the Board resolves that his office be vacated; or
- (i) if he is removed from office under section 303 of the Act.

26. PROCEEDINGS OF DIRECTORS

26.1 Quorum

The quorum necessary for the transaction of the business of the Board shall be two Directors (or their alternates) consisting of one Investor Director and one other Director. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum. If two Investor Directors (or their alternates) do not attend any such meeting then such meeting shall be adjourned for a period of not less than 7 days and if the Investor Directors (or their alternates) do not attend any such meeting when it is reconvened the quorum shall be those Directors (or their alternates) present at the time fixed for such reconvened meeting.

26.2 Meetings in the United Kingdom

Meetings of the Board shall not without the consent of the Investor Directors be held outside the United Kingdom.

26.3 Regulation of Meetings

- 26.3.1 Unless otherwise determined by a majority of the Board which majority includes the Investor Directors in respect of each specified meeting, meetings of the Board shall be held monthly and unless all the Directors indicate their willingness to accept shorter notice of a meeting of the Directors (except in the case of an emergency), a minimum of 5 business days' notice of meetings of the Board accompanied by an agenda of the business to be transacted shall be given to all the Directors. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Board.
- 26.3.2 Questions arising at any meeting shall be decided by a majority of votes.

- 26.3.3 A majority of the Board, which majority includes a majority of the Investor Directors present in respect of each specified meeting, shall appoint one of the Directors as a Chairman. The Chairman shall not have a second or casting vote.
- 26.3.4 Subject as aforesaid, the Directors may adjourn and otherwise regulate their meetings as they think fit.

26.4 Signed Resolutions

A resolution executed or approved in writing by all the Directors shall be as valid and effective for all purposes as a resolution passed at a meeting of the Board duly convened and held and may consist of several documents in the like form, each signed by one or more of the Directors. A resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a Director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.

26.5 Delegation to Committees

- 26.5.1 Save with the prior written consent of the Investor Directors, the Board shall not delegate any of its powers to a committee or committees.
- 26.5.2 The Investor Directors shall comprise the majority of the members of any committee of the Board established in accordance with this Article 26.

26.6 Meetings by Conference Facilities

- 26.6.1 Subject to the consent of the Investor Directors, a meeting of the Board may consist of a conference between Directors some or all of whom are in different places provided that each Director who participates is able:
- (a) to hear each of the other participating Directors addressing the meeting; and
 - (b) if he so wishes, to address each of the other participating Directors simultaneously,

whether directly, by conference telephone or by any other form of communications equipment (whether in use when this Article 26.6 is adopted or developed subsequently) or by a combination of such methods. A quorum shall be deemed to be present if those conditions are satisfied in respect of at least the number of Directors required to form a quorum. A meeting held in this way shall be deemed to take place at the place where the largest group of Directors is assembled or, if no such group is readily identifiable, at the place from where the Chairman of the meeting participates. Any Director may, by prior notice to the Secretary, indicate that he wishes to participate in the meeting in such manner, in which event, the Directors shall procure that an appropriate conference facility is arranged.

26.7 Notices

It shall be necessary to give notice of every meeting of the Board to the Investor Directors.

27. MANAGING OR EXECUTIVE DIRECTORS

27.1 Appointment

The Directors may from time to time appoint one or more of their number to an executive office (including that of Managing Director, Chief Executive or any other salaried office) for such period and on such terms as shall be thought fit and, subject to the provisions of any agreement entered into in any particular case, may revoke such appointment. A Director so appointed as a Managing Director or Chief Executive shall (without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company) ipso facto cease to be a Managing Director or Chief Executive if he ceases for any cause to be a Director.

27.2 Remuneration

The Managing Director, Chief Executive or other executive officer as aforesaid shall receive such remuneration, whether by way of salary, pension contributions, commission or participating in profits or otherwise (either in addition to or in lieu of his remuneration as a Director), as the Directors may determine.

27.3 Delegation of Powers

The Directors may with the approval of the Investor Directors, entrust to and confer on a Managing Director, Chief Executive or other executive officer as aforesaid any of the powers exercisable by them on such terms and conditions and with such restrictions as they think fit and may from time to time withdraw, alter or vary all or any of such powers.

27.4 Service Contracts

No Director appointed to an executive office shall, if he is a party to a written service contract with any member of the Group, be entitled to any salary, remuneration or benefit in kind in respect of any appointment to an executive office in addition to that provided for in that contract.

28. ACCOUNTS AND DOCUMENTS

Subject to such conditions and regulations as the Board may determine having regard to any obligation binding upon the Company to keep confidential information supplied to it by other persons, an A Ordinary Shareholder may inspect personally or by his agent at any time and from time to time any account or book or document of the Company (and take and retain copies thereof). Regulation 109 shall be modified accordingly.

29. INDEMNITY

29.1 Subject to the provisions of section 310 of the Act, every Director, the Secretary and any other officer of the Company will be entitled to be indemnified out of the assets of the Company against all losses or

liabilities properly incurred by him in or about the execution and discharge of the duties of his office. Regulation 118 of Table A shall be extended accordingly but shall not apply to the Auditors.

- 29.2 The Directors may at their discretion and on such terms as they think fit, purchase and maintain for the Company or for any Director, the Secretary or other manager or officer other than the Auditors, insurance against any liability which might by virtue of any rule of law attach to such Director, Secretary or other manager or officer in relation to any negligence, default, breach of duty or breach of trust in relation to the Company or its business or affairs or to any Subsidiary and against such liability as mentioned in the preceding Article.

30. **DEFERRED SHARES**

- 30.1 The Deferred Shares may be redeemed by the Company at any time at its option for £1 for all the Deferred Shares registered in the name of any holder without obtaining the sanction of the holder or holders and pending the transfer and/or purchase the Company may retain the certificates (if any) in respect of them.
- 30.2 The creation or issue of Deferred Shares shall be deemed to confer irrevocable authority on the Company at any time after that creation or issue to appoint any person to execute or give on behalf of the holder of those shares a transfer of them to such person or persons as the Company may determine.
- 30.3 The Deferred Shares shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company