

THE COMPANIES ACTS 1985 AND 1989
PRIVATE COMPANY LIMITED BY SHARES

WRITTEN RESOLUTION
OF
EAGLEMOSS HOLDINGS (UK) LIMITED

(the "Company")

(Company number: 05933574)
Passed / 9 February 2007

We, the undersigned, being the members for the time being of the above named Company entitled to attend and vote at general meetings thereof HEREBY PASS the following resolution as a special resolution of the Company as specified below pursuant to section 381A Companies Act 1985 and confirm that such resolution shall be as valid and effectual as if it had been passed at an extraordinary general meeting of the Company duly convened and held:

SPECIAL RESOLUTION

That the existing Articles of Association shall no longer apply to the Company, and that in place thereof, the revised Articles of Association of the Company (a copy of which is attached and marked "A" for the purpose of identification) be adopted as the new Articles of Association of the Company.

.....
For and on behalf of Aurenis SAS

.....
Margaret Calmels

.....
Tracey Hinchliffe

.....
Stephen Rose

.....
Suzanne Cullen



We hereby certify that this is a true
and correct copy of the original
Dated: 12 February 2007

Hammonds
7 DEVONSHIRE SQUARE
CUTLERS GARDENS
LONDON
EC2M 4YH

DATED 19 February 2007

ARTICLES OF ASSOCIATION

of

EAGLEMOSS HOLDINGS (UK) LIMITED

(Company Number 5933574)

(Adopted by Written Resolution passed on 19 February 2007)

Hammonds

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Ref HAM.277-0055

Company Number: 5933574

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION

of

EAGLEMOSS HOLDINGS (UK) LIMITED

(Adopted by written resolution passed on *19 February* 2007)

1 DEFINITIONS AND INTERPRETATION

- 1.1 Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (SI 1985 No. 805 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (SI 1985 No.1052) ("**Regulations**") shall apply to the Company save in so far as they are inconsistent with these Articles.

- 1.2 In these Articles, the following definitions apply:

"**Accounts**" means, in respect of any Financial Year, the audited consolidated accounts of the Accounting Group for that Financial Year (comprising a consolidated balance sheet and a consolidated profit and loss account).

"**Accounting Group**" means the Company, its subsidiaries and any subsidiary undertakings from time to time (other than a subsidiary or subsidiary undertaking which under the provisions of the Act is not required to be included and which is not included in the consolidated accounts prepared by the Company).

"**Act**" means the Companies Act 1985 including any statutory modification or re-enactment of it for the time being in force.

"**Acquisition**" means the acquisition effected or to be effected by the Acquisition Agreement.

"**Acquisition Agreement**" means the acquisition agreement dated 13 February 2007 between (1) Beverley Hilton and Others; (2) the Company; and (3) Aurenis SAS whereby the Company has acquired or is to acquire the entire issued share capital of Eaglemoss Publishing Group Limited as the same may be amended, waived, restated, modified or supplemented from time to time.

"**Acquisition Price**" means the consideration paid to acquire a Share by its holder for the time being, whether on issue or transfer (including for the avoidance of doubt any premium to the nominal value of a Share paid on the issue or transfer of that Share).

"**Acting in Concert**" has the meaning ascribed to it by the City Code on Takeovers and Mergers as in force and construed at the date of adoption of these Articles.

"**Articles**" means these articles of association as originally framed or as from time to time altered and the expression "**Article**" shall be construed accordingly.

"Auditors" means the auditors for the time being of the Company.

"Aurenis Loan Notes" means the £11,000,000 fixed rate unsecured loan notes issued to Aurenis SAS under the terms of the Shareholders' Agreement.

"Bank" means the Barclays Bank PLC.

"Banking Facilities" means the banking facilities provided by the Bank.

"Board" means the board of directors of the Company from time to time or the Directors present at a duly convened quorate meeting of the Board.

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

"Cessation Date" means:

- (a) where a contract of employment, contract for services or directorship is terminated by the employer by giving notice to the employee of the termination of the employment, engagement or directorship, the date of that notice (whether or not a payment is made by the employer in lieu of all or part of the notice period required to be given by the employer in respect of such termination);
- (b) where a contract of employment, contract for services or directorship is terminated by the employee by giving notice to the employer of the termination of the employment, the engagement or directorship, the date of that notice;
- (c) where an employer or employee/consultant wrongfully repudiates the contract of employment or contract for services and the other accepts that the contract of employment or contract for services has been terminated, the date of such acceptance;
- (d) where a contract of employment or contract for services is terminated under the doctrine of frustration, the date of the frustrating event; and
- (e) where a contract of employment, contract for services or directorship is terminated for any reason other than in the circumstances set out in paragraphs (a) to (d) above, the date on which the action or event giving rise to the termination occurs.

"Chairman" means the chairman of the Board appointed pursuant to Article 14.

"Connected Persons" shall have the meaning provided by section 839 of the Income and Corporation Taxes Act 1988.

"Controlling Interest" in relation to a person means the ownership by that person and his or its Connected Persons of Shares carrying the right to more than 50 per cent of the total number of votes which may be cast on a poll at a general meeting of the Company.

"Deed of Adherence" means a deed of adherence in the form required by the Board.

"Deemed Transfer Notice" means a Transfer Notice delivered in accordance with Article 5 or Article 8.

"Director" means any director of the Company for the time being.

"Employees Trust" means any trust established by the Company to acquire and hold Shares for the benefit of employees and/or former employees of the Group and/or or their dependants.

"Exit Event" means the earliest to occur of:

- (a) the date and time on which a Sale is completed;
- (b) the date and time at which a Listing takes place; or
- (c) the date and time at which a Liquidation takes place.

"Family Members" means the spouse, parents, brothers, sisters and every child (including stepchildren and adopted children), grandchild or great-grandchild of a Member.

"Family Trust" in relation to any Member means trusts established by that Member provided that only such Member and/or Family Member(s) of that Member are capable of being beneficiaries thereof (other than residual charitable beneficiaries);

"Financial Year" means a financial year or other period in respect of which the Company prepares its accounts in accordance with the relevant provisions of the Act.

"Group" means the Company and its subsidiary undertakings from time to time and **"Group Company"** means any one of them.

"holder" in relation to Shares, means the member whose name is entered in the Register of Members as the holder of such Shares.

"Investment Date" means the date of completion of the Shareholders' Agreement in accordance with its terms.

"Liquidation" means the solvent liquidation or winding up of the Company.

"Listing" means the unconditional granting of permission for any of the Shares to be dealt in on any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000).

"Loan Notes" means the £11,000,000 fixed rate unsecured loan notes issued or to be issued by the Company and constituted by a loan note instrument dated the Investment Date.

"Majority Shareholder" means the holders from time to time being of more than 50 per cent of the Shares, which at the date of the adoption of these articles, is Aurenis SAS.

"Majority Shareholder Consent" means the consent or approval of the Majority Shareholder (including any conditions to which such consent or approval is subject) given in writing.

"Market Value" means (for the purposes of these articles only) the price payable for any Shares determined pursuant to Article 7.

"Member" means a person for the time being registered in the Register of Members as the holder of any Shares.

"Ordinary Shares" means the ordinary shares of £1 each in the capital of the Company.

"Permitted Transfer" means a transfer of Shares permitted by Article 6.

"Sale" means the acceptance of an offer or the making of an agreement which upon the satisfaction of the conditions (if any) of such offer or agreement results in:

- (a) the obtaining of a Controlling Interest; or
- (b) the sale of a material part of the business of the Group.

"Shareholders' Agreement" means the shareholders' agreement dated the date of adoption of these articles and entered into between (1) the Company (2) the Managers (as defined therein) (3) and Aurenis SAS as the same may be amended, waived, restated, modified or supplemented from time to time.

"Share(s)" means shares in the capital of the Company of any class from time to time.

"Transfer Notice" has the meaning given to it at Article 8.

"Valuers" means the Auditors unless:

- (a) a report on Market Value is to be made pursuant to a Deemed Transfer Notice and, within 21 days after the date of the Deemed Transfer Notice, the Vendor notifies the Board in writing that it objects to the Auditors making that report; or
- (b) the Auditors decline an instruction to report on Market Value

when the Valuers for the purpose of that report shall be a firm of chartered accountants agreed between the Vendor and the Board or, in default of agreement within 20 Business Days after the event referred to in (a) or (b) above, appointed by the President of the Institute of Chartered Accountants in England and Wales on the application of the Vendor or the Board.

"Vendor" means a vendor of Shares under the terms of a Deemed Transfer Notice.

1.3 In these Articles, where the context admits:

- (a) words and phrases which are defined or referred to in or for the purposes of the Act have the same meanings in these Articles unless they are already defined within the Articles or the context otherwise requires;
- (b) reference to a gender includes the other gender, and reference to the singular includes the plural and vice versa; and
- (c) headings are for ease of reference only and shall not affect the construction or interpretation of these Articles.

- 1.4 References in these Articles to writing shall include typewriting, priming, lithography, photography, telex and facsimile messages and other means of representing or reproducing words in a legible and non-transitory form.

2 SHARE CAPITAL

The authorised share capital of the Company at the date of the adoption of these Articles is £1,000 divided into 1,000 Ordinary Shares of £1 each.

3 SHARE RIGHTS

The rights and restrictions attaching to the Ordinary Shares shall be as set out in this Article 3.

3.1 Dividends

The profits of the Company which are available for lawful distribution in respect of each Financial Year shall be applied as follows:

- (a) subject to Article 3.1(b) and the Shareholders' Agreement, any profits which the Company may determine to distribute (in any event not exceeding the amount recommended by the Board and with the consent of the Majority Shareholder in respect of any Financial Year shall be applied in paying to the holders of Shares, a non-cumulative dividend (the "**Equity Dividend**") on the nominal value of each such Share (without distinction between Shares), such dividend (if any) to be paid within 30 days after the Annual General Meeting of the Company at which the Accounts for the relevant Financial Year are presented to the Company in general meeting;
- (b) no Equity Dividend shall be declared or paid in respect of any Financial Year unless and until the Loan Notes and the Aurenis Loan Notes have been repaid in full.

3.2 Capital

On a return of capital on liquidation or capital reduction or otherwise (except in the case of the redemption of Shares of any class or the purchase by the Company of its own Shares), the surplus assets of the Company available for distribution among the Members shall be applied in the following manner and order of priority:

- (a) firstly, in paying to each Member holding Shares an amount equal to all unpaid arrears, accruals and deficiencies in any Equity Dividend (if declared and payable);
- (b) secondly, in paying to each member holding Shares an amount equal to the aggregate nominal value of the Shares held by him; and
- (c) thereafter, in distributing the balance of such assets amongst the holders of the Shares in proportion to the aggregate nominal value of the Shares held by them.

3.3 Voting

Members holding Ordinary Shares shall be entitled to receive notice of and to attend and speak at any general meeting of the Company. The Members holding Ordinary Shares who (being individuals) are present in person or by proxy or (being a corporation) are present by duly authorised representatives or by proxy shall, on a show of hands, have one vote each, and, on a poll have one vote each for every Ordinary Share of which such Member is the holder.

4 ISSUE OF SHARES

4.1 Subject to Articles 4.2 and 4.4 any Shares for the time being unissued and any new Shares from time to time created shall, before they are issued, be offered to the holders of the Ordinary Shares in proportion (as nearly as may be) to the nominal amount of their existing holdings of the Ordinary Shares. The offer shall be made by notice specifying the number and class of Shares offered and the price per Share and a time (not being less than 10 Business Days or greater than 15 Business Days) within which the offer if not accepted will be deemed to be declined. After the expiration of such time, or on the receipt of an indication from the person(s) to whom the offer is made that he/they decline(s) to accept the Shares offered or any of them, the Board shall offer the Ordinary Shares declined in the like manner (save that the minimum period for acceptance may be 5 Business Days and the maximum 10 Business Days) to the other holders of Ordinary Shares who have agreed to invest in all the Ordinary Shares offered to them in proportion (as nearly as may be) to the nominal amount of their existing holdings of Ordinary Shares. If the Shares comprised in such further offer are declined or deemed to be declined the further offer shall be withdrawn.

4.2 If all or any of the Shares to which Article 4.1 applies are not taken up in accordance with the provisions of Article 4.1 the Board may offer such Shares to a third party (to be approved by the Majority Shareholder) and subject to these Articles and the provisions of section 80 of the Act such Shares shall be at the disposal of the Board who may allot, grant options over or otherwise dispose of them to such persons at such times and generally on such terms and conditions as they think proper, **PROVIDED THAT:**

- (a) no Shares shall be issued at a discount;
- (b) no Shares to which Article 4.1 applies shall be issued more than 60 Business Days after the expiry of the period for acceptance to the last offer of such Shares made under Article 4.1 unless the procedure set out in Article 4.1 is repeated in respect of such Shares; and
- (c) no Shares shall be issued at a price less than that at which they were offered to the Members in accordance with Article 4.1 and so that (if the Board are proposing to issue such Shares wholly or partly for non-cash consideration) the cash value of such consideration for the purposes of this Article 4.2(c) shall be as reasonably determined by the Auditors whose determination shall be final and binding on the Company and each of the Members.

4.3 The provisions of Articles 4.1 and 4.2 shall apply *mutatis mutandis* to all equity securities (as defined in section 94(2) of the Act) of the Company from time to time created.

4.4 Subject to the Act and Article 4.2, all unissued Shares shall be under the control of the Board and the Board may offer, allot, grant rights or warrants to subscribe for, grant

options over, or otherwise deal with or dispose of unissued Shares to such persons and generally on such terms, in such manner and at such times as they may determine.

4.5 Section 89(1) and sections 90(1) to (6) of the Act shall not apply to the Company.

5 TRANSFER OF SHARES

5.1 General Provisions

- (a) Subject to the provisions of Articles 6 (Permitted Transfers), 9 (Tag Along Rights) and 10 (Drag Along Rights), the Board shall refuse to register the transfer of any Shares:
 - (i) being Shares which are not fully paid, to a person of whom they do not approve;
 - (ii) on which the Company has a lien;
 - (iii) to a person who is (or whom the Board reasonably believes to be) under 18 years of age or a person who does not have (or whom the Board reasonably believes does not have) the legal capacity freely to dispose of any Shares without let, hindrance or court order;
 - (iv) purported to be made otherwise than in accordance with or as permitted by these Articles;
 - (v) unless the proposed transferee has entered into a Deed of Adherence; and
 - (vi) to any person who, in the opinion of the Majority Shareholder, is carrying on business directly or indirectly in competition with the Company or any Group Company (other than with the consent of the Majority Shareholder to the transfer).
- (b) The transferor of any Shares shall remain the holder of the Shares concerned until the name of the transferee is entered into the Register of Members in respect thereof.
- (c) For the purpose of these Articles the following shall be deemed (but without limitation) to be a transfer by a Member of Shares:
 - (i) any direction (by way of renunciation or otherwise) by a Member entitled to an allotment or transfer of Shares that a Share be allotted or issued or transferred to some person other than himself; and
 - (ii) any sale or any other disposition of any legal or equitable interest in a Share or the granting of any mortgage or charge or any other security interest over any Share and whether or not for consideration or otherwise and whether or not effected by an instrument in writing.
- (d) For the purpose of ensuring that:
 - (i) a transfer of Shares is duly authorised hereunder; or

- (ii) no circumstances have arisen whereby the tag along provisions are required to be or ought to have been triggered pursuant to Article 9

the Board may from time to time require any Member or the legal personal representatives of any deceased Member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the Board may think fit regarding any matter which they deem relevant to such purpose including (but not limited to) the names and addresses and interests of all persons respectively having interests in the Shares from time to time registered in the Member's name. Failing such information or evidence being furnished to the satisfaction of the Board within 20 Business Days after request the Board shall refuse to register the transfer in question or (in case no transfer is in question) to require by notice in writing that a Transfer Notice be given in respect of the Shares concerned. If such information or evidence discloses that a Transfer Notice ought to have been given in respect of any Shares the Board may by notice in writing require that a Transfer Notice be given in respect of the Shares concerned. Any such notice shall be binding upon the Members concerned who shall be bound to give a Transfer Notice in respect of the Shares concerned forthwith upon receipt of the said notice from the Board.

- (e) A Transfer Notice shall be deemed to be given (if not actually given) at the expiry of 5 Business Days after the Board has required the same to be given pursuant to Article 5.1(d) and the provisions of these Articles relating to Transfer Notices shall take effect accordingly.
- (f) A Transfer Notice given or deemed to be given pursuant to this Article or Article 8 shall not be capable of revocation (except with the written approval of the Board) nor may it specify that unless all relevant Shares are sold pursuant to the Transfer Notice, none shall be so sold. Subject as provided to the contrary in this Article or Article 8, the provisions of Article 8 shall apply to any Transfer Notice given or deemed to be given under or pursuant to this Article or Article 8.
- (g) In any case where a Member (or his personal representatives) has or have been required to give or has or have been deemed to have given a Transfer Notice pursuant to the provisions of this Article or Article 8 and subsequently becomes the holder of further Shares by virtue of the holding of any Shares comprised in such Transfer Notice (whether by way of rights or bonus issue conversion, transfer or otherwise howsoever) the Board may at any time thereafter determine in its absolute discretion that he (or his personal representatives) as appropriate shall be deemed to have served a Transfer Notice pursuant to this Article or Article 8 (as appropriate) in respect of such further Shares.

6 PERMITTED TRANSFERS

6.1 Definitions

For the purposes of this Article "**a member of the same group**" means, in relation to a body corporate, any other body corporate which is for the time being a holding company of that body corporate or a subsidiary of that body corporate or a subsidiary of any holding company of which that body corporate is also a subsidiary.

6.2 Transfers within groups of companies

- (a) Subject to Article 6.5(b), any Member which is a body corporate may at any time transfer any Shares held by it to a member of the same group.
- (b) Where Shares have been transferred under Article 6.2(a) (whether directly or by a series of such transfers) from a Member ("**Transferor**", which expression shall not include a second or subsequent transferor in such a series of transfers) to a member of the same group as the Transferor ("**Transferee**") and subsequently the Transferee ceases to be a member of the same group as the Transferor, the Transferee shall forthwith transfer all the Shares held by it to the Transferor, for such consideration as they agree, within 10 Business Days of the cessation, or, failing such transfer within that period, shall during the remainder of the 15 Business Day period after the cessation, give a Transfer Notice in respect of all of the Shares then held by the Transferee.
- (c) For the avoidance of doubt, a Transferor in accordance with Article 6.2(a) shall not be required to deliver a Transfer Notice on the other members of the Company.

6.3 Transfers to Family Members and Family Trusts

Subject to Article 6.5(b) any Member who is an individual may at any time transfer any Shares held by him to any Family Member of that Member, to trustees to be held on Family Trusts of that Member or to a person who is to hold the Shares as bare nominee for such Member.

6.4 Transfers in accordance with the Shareholders' Agreement

A Member may transfer Shares at any time in accordance with the provisions of the Shareholders' Agreement,

6.5 Transfers with consent

- (a) A Member may transfer Shares to any person at any time with the prior written consent of the Board and the Majority Shareholder and subject to the provisions of article 9 ("Change of Control – tag along rights") and 10 (Change of control – drag along rights").
- (b) The Board may refuse to register the transfer of any Shares in accordance with Articles 6.2 or 6.3:
 - (i) unless a Deed of Adherence is entered into by such transferee; and/or
 - (ii) if, in the opinion of the Majority Shareholder, such transferee is carrying on business directly or indirectly in competition with the Company, any Group Company.

7 MARKET VALUE

- 7.1 In the event that it is necessary to establish the Market Value of Shares for the purposes of these articles, the following provisions shall apply:

- (a) The Market Value shall be determined on the application of the Board by the Valuers acting as experts and not as arbitrators and their determination shall be final and binding. The costs of the Valuers shall be payable by the Company unless the Board (with Majority Shareholder Consent) has offered a price for the Shares which has not been accepted by the Transferor of such Shares and the Market Value is determined to be equal to or less than that price, in which case, the costs of the Valuers shall be borne as to 50% by the Company and as to 50% by the Transferor of such Shares.
- (b) The Market Value shall be determined by the Valuers first valuing the enterprise value of the Group as a whole:
 - (i) assuming, if the Group is then carrying on business as a going concern, that it will continue to do so and having regard to the value of the business of the Group as a going concern; and
 - (ii) taking account of any bona fide offer for the Company or the Group received from an unconnected third party within six months of the Transfer Notice being served or deemed to have been served.
- (c) Having determined the enterprise value of the Group as a whole, the Valuers shall determine the Market Value of the Shares (each of which shall be deemed to have the same value):
 - (i) by adding to the enterprise value of the Group (as determined in accordance with Article 7.1(b) above) all cash held by the Group (to the extent not already taken into account for the purposes of determining the enterprise value of the Group pursuant to paragraph (b) above) and deducting all indebtedness or financial liabilities of the Group (to the extent not already taken into account for the purposes of determining the enterprise value of the Group pursuant to paragraph (b) above) (including *for the avoidance of doubt the Loan Notes and other indebtedness* incurred on or before the Investment Date for the purposes of the Acquisition which shall include (for the avoidance of doubt) any and all loan notes issued by the Company and any indebtedness incurred under the terms of the Banking Facilities)) other than any indebtedness or financial liabilities incurred by any member of the Group for the primary benefit of any member of the Majority Shareholder's group to the exclusion of the Group, or any encumbrance over the Shares or the assets of any member of the Group securing any such indebtedness or financial liabilities;
 - (ii) without taking into account (if it be the case) that the Shares constitute a majority or a minority interest;
 - (iii) without having regard to the rights and restrictions attached to the Shares concerned under these articles or the Shareholders' Agreement;
 - (iv) taking into account that the Shares are not tradeable on a Recognised Investment Exchange, but assuming that the entire issued share capital of the Company is being sold as between willing buyer and willing seller by arm's length private treaty for cash payable in full on completion; and

- (v) taking account of any Shares which may be allotted pursuant to options which have been issued by the Company and which are still outstanding.

8 COMPULSORY TRANSFERS

8.1 For the purpose of this Article:

- (a) **"Leaver"** means any person who is at the date of adoption of these Articles or who later becomes an employee and/or director or consultant of any Group Company and who subsequently ceases to be so employed or engaged and does not continue in any such capacity for any reason whatsoever (including death, bankruptcy or as a result of a Group Company ceasing to be a subsidiary of the Company).
- (b) **"Leaver's Shares"** means at the date a person becomes a Leaver:
 - (i) Shares held by the Leaver;
 - (ii) Shares subject to options which are subsequently exercised by the Leaver; and
 - (iii) Shares which have been transferred by the Leaver in accordance with Article 6 above (**"Transferred Shares"**);
- (c) **"Transfer Notice"** means a notice delivered or deemed delivered by any Member who is required to transfer his shares (the **"Transferor"**) otherwise than by means of Permitted Transfer or pursuant to Articles 9 (Tag Along Rights) or 10 (Drag Along Rights).

Such Transfer Notice shall specify:

- (i) the number of shares owned by the Transferor (the **"Sale Shares"**); and
- (ii) any other terms relating to the transfer of the Sale Shares which are not prohibited by these Articles including, if relevant, the date from which dividends on the Sale Shares shall accrue to the purchaser of the Sale Shares.

Each Transfer Notice shall:

- (i) constitute the Company as the agent of the Transferor for the sale of the Sale Shares;
- (ii) be irrevocable; and
- (iii) be deemed to cover all of the Sale Shares held by the Transferor.

- 8.2 Upon a person becoming a Leaver, unless the Board (with Majority Shareholder Consent) otherwise resolves and save as set out below, within 30 Business Days following the date on which that person becomes a Leaver, the Leaver shall issue (and each person holding any Leaver's Shares shall be deemed to have issued) a Transfer Notice in respect of all the Leaver's Shares on the date on which such 30 Business Day period expires.

8.3 If any Leaver fails to deliver a Transfer Notice (in accordance with 8.2 above) or, having delivered a Transfer Notice, fails to complete the sale of any of its Shares pursuant to the provisions of such Transfer Notice, or otherwise fails to take any action required of it under the terms of this Article 8, any holder of Shares or any persons so authorised by the Board may undertake any action required under the terms of this Article 8 on the part of the Leaver in question. In particular, such person may execute the necessary transfer(s) on that Leaver's behalf and against:

- (a) receipt by the Company (on trust for such Leaver) of the consideration payable for the relevant Shares (the receipt being a good discharge to the transferee(s) of such Shares, who will not be bound to see to the application of it); and
- (b) compliance by the transferee(s) and, where relevant, the Company with all other terms of the transfer of the Leaver's Shares as set out in the Transfer Notice

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

8.4 In respect of a Transfer Notice or Deemed Transfer Notice issued under Article 8.3 above, the Leaver shall transfer all of the Leaver's Shares to the transferee(s) specified in Article 8.6 below at the price per Share for such Shares each as determined below:

- (a) if the Cessation Date occurs before the first anniversary of the date of adoption of these Articles and the Leaver is a Good Leaver, the Leaver shall offer for sale all of that Leaver's Shares and the price shall be the Acquisition Price of such Shares; or
- (b) if the Cessation Date occurs after the first anniversary but prior to the second anniversary of the date of adoption of these Articles and the Leaver is a Good Leaver, the Leaver shall offer for sale two thirds of the Leaver's Shares at the Acquisition Price of such Shares and one third of the Leaver's Shares at the higher of the Acquisition Price of such Shares and the Market Value of such Shares; or
- (c) if the Cessation Date occurs after the second anniversary but prior to the third anniversary of the date of adoption of these Articles, and the Leaver is a Good Leaver, the Leaver shall offer for sale one third of the Leaver's Shares at the Acquisition Price of such Shares and two thirds at the higher of the Acquisition Price of such Shares and the Market Value of such Shares; or
- (d) if the Cessation Date occurs after the third anniversary of the date of adoption of these Articles, and the Leaver is a Good Leaver, the Leaver shall offer for sale all of that Leaver's Shares and the price shall be the higher of the Acquisition Price of such Shares and the Market Value of such Shares; or

- (e) if the Leaver is a Bad Leaver at any time after the date of the adoption of these Articles, such Leaver shall be required to offer for sale all the Leaver's Shares and the price shall be the lower of the Acquisition Price of such Shares and the Market Value of such Shares.

Where:

"Good Leaver" is a Leaver where:

- (i) they are a Leaver by reason of death, permanent incapacity or ill health; or
- (ii) they are a Leaver by reason of redundancy or retirement; or
- (iii) they are a Leaver by reason of notice being given to terminate their employment by the Company in accordance with their service agreement other than for gross misconduct or gross negligence on or after the second anniversary of the date of adoption of these articles;
- (iv) they are a Leaver by reason of the Leaver giving notice to terminate their employment in accordance with their service agreement on or after the fifth anniversary of the date of adoption of these Articles; or
- (v) they are a Leaver by reason of circumstances that amount to unfair or wrongful dismissal (including by virtue of resignation that amounts to unlawful constructive dismissal for the purposes of the Employment Rights Act 1996), save where such unfair dismissal results only from a procedural irregularity other than the applicable statutory dismissal procedure and the compensatory award for such unfair dismissal is (or the parties agree that it would be) reduced by 50% or more PROVIDED THAT if there is any dispute between the Leaver and the Company concerning the circumstances of the Leaver's cessation of employment for the purposes of this paragraph (v) or paragraph (iii) above, the matter may be referred by either the Leaver or the Company to a barrister of at least 10 years' call to be agreed between them or in default of agreement to be appointed by the President for the time being of the Bar Council. Such barrister shall act as an expert and not as an arbiter and his determination shall be binding on the parties. The costs of such barrister shall be payable by the Company unless the barrister reaches a determination in favour of the Company, in which case the costs of the barrister shall be borne as to 50% by the Company and as to 50% by the Leaver; or
- (vi) the Board (with Majority Shareholder Consent) resolves that such person is to be categorised as a Good Leaver; and

"Bad Leaver" is a Leaver who is not classified as a Good Leaver.

- 8.5 The Market Value shall be calculated as at the Cessation Date. In any particular case, the Board (with Majority Shareholder Consent) may agree with the Transferor some other price other than the Market Value or the Acquisition Price.
- 8.6 In respect of a Transfer Notice or Deemed Transfer Notice issued under Article 8.3 above, the Leaver shall transfer all of the Leaver's Shares at the price per Share for such Shares to:

- (a) an Employees Trust; or
- (b) where the Shares are shares originally subscribed by an Employees Trust or the subject of a compulsory transfer given in accordance with these articles, to such employees or proposed employees of any Group Company as the Board shall nominate; or
- (c) where the Majority Shareholder has, prior to the date of the Transfer Notice or Deemed Transfer Notice, transferred Shares beneficially held by it to employees or proposed employees of any Group Company nominated by the Board (which for the avoidance of doubt shall not include employees or proposed employees of the Majority Shareholder itself or its own shareholders, or their respective Connected Persons), to the Majority Shareholder up to the total number of Shares so transferred by the Majority Shareholder (provided that the balance of such Shares, if any, shall be transferred to the Employee Trust).

8.7 Unless the Board (with Majority Shareholder Consent) shall have passed a resolution under Article 8.2 above, none of the relevant Leaver's Shares shall, until transferred in accordance with this Article 8, entitle the transferor of such Shares to receive notice of, attend or vote at any general meeting of the Company or meeting of the holders of Shares of the same class and such Shares shall not be counted in determining the total number of votes which may be cast at any such meeting or for the purposes of a written resolution of any Members or class of Members **PROVIDED THAT** all Shares so disenfranchised shall on a transfer in accordance with this Article, or on expiry of the 60 Business Day period referred to in Article 8.2 above, be re-enfranchised.

9 CHANGE OF CONTROL – TAG ALONG RIGHTS

9.1 With the exception of transfers of Shares pursuant to Article 6 (Permitted Transfers) and Article 8 (Compulsory Transfers), no transfer of Shares which would result, if made and registered, in a person or persons Acting in Concert obtaining or increasing a Controlling Interest, will be made or registered unless:

- (a) the Shareholder(s) transferring their shares to effect such transfer (the "**Selling Shareholders**") notify each of the other Members in writing of such proposed transfer and of its terms and conditions (including the identity of the proposed transferee and the price at which the Selling Shareholder(s) proposes to transfer such shares); and
- (b) each Member shall have the right to sell, at the same price and on the same terms and conditions as those applicable to the Selling Shareholder (provided that (i) the Selling Shareholders will use their best endeavours to ensure that in the event that they have accepted non-cash consideration for their Shares, the terms and conditions of Sale will include a commensurate cash alternative for any part of the price that would otherwise not have been payable in cash; and (ii) the price payable to each such Member shall include an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the Selling Shareholder which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for the Selling Shareholder's Shares, or in either case the Selling Shareholder shall not transfer its own Shares), that proportion of its Shares that equals the proportion which the number of shares to be sold by the Selling Shareholder represents of its aggregate holding of Shares prior to such

disposals, and the Selling Shareholder shall procure that such sale shall be effected by the Selling Shareholder or the Selling Shareholder shall not transfer its own Shares.

10 CHANGE OF CONTROL – DRAG ALONG RIGHTS

- 10.1 Whenever an offer is made by a bona fide third party person or persons Acting in Concert with one another (not being a Member, an associate of a Member or a Connected Person of a member, or any other person who would, were the Company subject to the City Code or Takeover and Mergers be regarded as Acting in Concert with a member) (a **"Buyer"**) to acquire all of the Ordinary Shares then in issue (an **"Approved Offer"**), if one or more holders of Shares who alone or together hold over 50 per cent or more of the Ordinary Shares accept such offer (**"Accepting Shareholders"**), every other Shareholder (**"Non-accepting Shareholder"**) shall sell or procure the sale to the proposed transferee of all (but not some only) of the Shares then held by that member, on the same terms and conditions (including, for the avoidance of doubt, as to consideration provided that (i) the Accepting Shareholders ensure that in the event that they have accepted non-cash consideration other than shares or other transferable securities that are listed on a recognised stock exchange (as defined in section 285 of the Financial Services and Markets Act 2000) for their Shares, the terms and conditions of sale will include a commensurate cash alternative for any part of the price that would otherwise not have been payable in cash; and (ii) the price payable to Non-accepting Shareholders shall include an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by any other holder of 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 their Shares, or in each case the Non-accepting Shareholders shall not be obliged to transfer their Shares pursuant to this Article 10) as the Approved Offer (the **"Drag Along Right"**).
- 10.2 The Drag Along Right may be exercised by the service of notice, in the same format and containing all the relevant details as are set out in a Transfer Notice, to that effect on the Non-accepting Shareholders at the same time as, or within 20 Business Days following the making of the Approved Offer (the **"Drag Along Notice"**). The Drag Along Notice will be accompanied by all documents required to be executed by the Non-accepting Shareholders to give effect to the relevant transfer.
- 10.3 On the exercise of the Drag Along Right, each of the Non-accepting Shareholders will be bound to accept the Approved Offer in respect of its entire holding of Shares and to comply with the obligations assumed by virtue of such acceptance.
- 10.4 If any of the Non-accepting Shareholders fails to accept the Approved Offer as set out in the Drag Along Notice or, having accepted such offer, fails to complete the sale of any of its Shares pursuant to the Approved Offer, or otherwise fails to take any action required of it under the terms of the Approved Offer, any holder of Shares or any persons so authorised by the Board may accept the offer on behalf of the Non-accepting Shareholders in question, or undertake any action required under the terms of the Approved Offer on the part of the Non-accepting Shareholders in question. In particular, such person may execute the necessary transfer(s) on that Non-accepting Shareholder's behalf; and against:
 - (a) receipt by the Company (on trust for such Non-accepting Shareholder) of the consideration payable for the relevant Shares (the receipt being a good discharge to the Buyer, who will not be bound to see to the application of it); and

- (b) compliance by the Buyer and, where relevant, the Company with all other terms of the Approved Offer

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

- 10.5 In the event of disagreement as to any of the terms and conditions applicable to the Selling Shareholders or Accepting Shareholders for the purposes of Articles 9 or 10 above, such disagreement shall, if not resolved within 10 Business Days of it arising, be referred by the Board to the Valuers acting as experts and not as arbitrators and their determination shall be final and binding. The costs of the Valuers for the purposes of resolving such disagreement shall be payable by the Company.

11 GENERAL MEETINGS

- 11.1 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, being Members present in person or by proxy or duly authorised representatives of a corporation shall be a quorum at any general meeting. Notwithstanding the foregoing and so long as Aurenis holds Shares, there shall be no quorum unless there shall be present in person or by proxy or by duly authorised representative of Aurenis. If no such quorum is so present then the meeting shall stand adjourned for a period of not less than 5 Business Days to such time and place as the Board shall agree and notify to the Members. If no such Member is so present at the adjourned meeting then subject to the foregoing provisions of this Article the Members then present in person or by proxy or by duly authorised representatives shall constitute a quorum.
- 11.2 With respect to any resolution in writing, in the case of a corporation which holds any Shares, the signature of any corporate officer or director or the company secretary thereof shall be deemed to be a signature of the corporation which holds Shares.
- 11.3 All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all that is transacted at an Annual General Meeting, with the exception of the consideration of the audited accounts and the reports of the Directors and the Auditors and the appointment, and the fixing of the remuneration of the Auditors.
- 11.4 The instrument appointing the proxy shall be effective if such appointment is brought to the attention of the chairman of the meeting at any time prior to the taking of any vote (whether on a show of hands or on a poll) (including after the commencement of the meeting). A Proxy shall be entitled to vote on a show of hands.
- 11.5 The chairman shall not be entitled to exercise any second or casting vote.
- 11.6 A Director shall not be required to hold any share qualification, but nevertheless shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of shares in the capital of the Company.

12 ACCOUNTS AND ANNUAL GENERAL MEETINGS

- 12.1 Every Financial Year of the Company shall commence on 1 July and end on 30 June in the following year. The Directors shall cause to be prepared Accounts in accordance with the provisions of the Act.
- 12.2 An Annual General Meeting of the Company shall be held not later than the last business day of the month of December in each calendar year in respect of the Financial Year ended on the immediately preceding June. The Directors shall cause to be laid before each such Annual General Meeting the Accounts for such Financial Year together with the respective reports thereon of the Directors and of the Auditors such reports complying with the provisions of the Act.
- 12.3 At the same time as reporting on the Accounts for any Financial Year of the Company the Auditors shall report in writing to the Board:
- (a) in respect of each Financial Year after the date of adoption of these Articles, the amount of the Net Profit of the Company; and
 - (b) in respect of each Financial Year the amount of the dividend (if any) payable in respect of each Share in accordance with the provisions of these Articles.

In so reporting the Auditors shall be deemed to be acting as experts and not as arbitrators and the amounts as so reported shall be conclusive and binding on the Company and upon all of its Members for the purposes of these Articles in the absence of manifest error.

13 NUMBER OF DIRECTORS

The minimum number of directors shall be two. The maximum number of Directors shall be five.

14 DIRECTOR AND CHAIRMAN

- 14.1 Notice of meetings of the Board shall be served on any Director who is absent from the United Kingdom at the address for service of notice provided to the Company from time to time.
- 14.2 Upon written request by the Majority Shareholder the Company shall procure that any Director(s) nominated by the Majority Shareholder is/are forthwith appointed as director(s) of any other Group Company.
- 14.3 Where any decision is to be made by any Group Company in relation to the exercise, enforcement, variation or waiver of its rights under the Acquisition Agreement and/or any documents referred to in or entered into pursuant to the Acquisition Agreement or against any Member holding Ordinary Shares or any director or person connected with any such Member or director, any such decision shall be within the exclusive power of the Majority Shareholder Director(s) (to the exclusion of the other Directors but after consultation with a majority thereof) who shall (subject to the provisions of the Shareholders' Agreement) have (without limitation) exclusive authority in relation to such exercise, enforcement, variation or waiver and the conduct of any proceedings of whatever nature arising in connection with any such rights.

14.4 The Majority Shareholder may at any time and on more than one occasion appoint any Director to be the chairman of the Board and at any time and on more than one occasion remove from the office of chairman a person so appointed.

14.5 The Majority Shareholder shall have power from time to time and at any time to appoint any person as a Director or Directors either as an additional director or to fill any vacancy and to remove from office any Director howsoever appointed. Any such appointment or removal shall be effected by an instrument in writing signed by or on behalf of the Majority Shareholder and shall take effect upon lodgement at the registered office of the Company or such later date as may be specified in the instrument.

15 ALTERNATE DIRECTORS

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

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

16 PROCEEDINGS OF DIRECTORS

16.1 The quorum for the transaction of business of the Board shall be two Directors, at least one of whom shall be the Manager Director or his or her alternate, provided that, if having received notice of meeting of the board of directors, the Manager Director does not attend such meeting, and having been adjourned and notice of such adjourned meeting duly served, the Manager Director fails to attend such adjourned meeting, the quorum for the transaction of business at that adjourned meeting and each subsequent meeting of the board shall be two Directors (for the avoidance of doubt, with no requirement that one of whom should be a Manager Director), or one Director if there is only one Director.

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

16.3 Save with Majority Shareholder Consent:

- (a) the Board shall not delegate any of its powers to a committee; and
- (b) meetings of the Board shall not be held outside the United Kingdom.

16.4 The Chairman shall have a second or casting vote at a meeting of the Board.

16.5 Subject to disclosure under section 317 of the Act, a Director may vote at any meeting of the Board on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which conflicts or may conflict with the interests of the Company.

17 RETIREMENT OF DIRECTORS

Directors shall not be required to retire by rotation.

18 DIVIDENDS

The Company shall take all lawful steps to procure that each other Group Company which has profits available for distribution shall from time to time declare and pay such dividends. Such steps shall include (without limitation) the preparation of interim or initial accounts (complying with sections 272 and 273 of the Act) of each other Group Company by reference to which profits available for distribution might fall to be calculated and procuring that, where necessary, such initial or interim accounts are reported on by the relevant company's auditors and are filed with the Registrar of Companies.

19 NOTICES

19.1 Any notices to be given to the Company pursuant to these articles shall be sent to the registered office of the Company or presented at a meeting of the Board.

19.2 Any notice to be given pursuant to these articles may be given by facsimile transmission to the facsimile number maintained at the relevant address of the addressee. Such a notice shall be conclusively deemed to have been properly given at the time shown on the transmission report received by the sender.

19.3 Any notice or other document delivered or left at a registered address otherwise than by post shall be deemed to have been served or delivered on the day it was so delivered or left.

20 INDEMNITY

20.1 Subject to the provisions of the Act, but without prejudice to any other indemnity to which the person concerned may otherwise be entitled, every director, alternate director, auditor, company secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or the exercise of his powers or otherwise in relation thereto.

20.2 The Board may exercise all the powers of the Company to purchase and maintain for every director or other officer insurance against any liability for negligence, default, breach of duty or breach of trust or any other liability which may be lawfully insured against.