

**Company No. 08804411**

**THE COMPANIES ACT 2006**  
**COMPANY LIMITED BY SHARES**

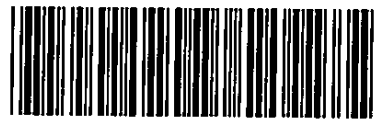
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**ARTICLES OF ASSOCIATION**  
**of**  
**REVOLUT LTD**

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**(Adopted by a special resolution passed on 2 APRIL 2015)**

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COMPANIES ACT 2006  
COMPANY LIMITED BY SHARES

**ARTICLES OF ASSOCIATION**

of

**REVOLUT LTD**

(Adopted by a special resolution passed on **2 APRIL** 2015)

**1 PRELIMINARY**

1 1 In these Articles and (where appropriate) in the Model Articles

<b>"A Allocation Notice"</b>	has the meaning given in <b>article 5.2.4</b> ,
<b>"A Member Applicant"</b>	has the meaning given in <b>article 5.2.4</b> ,
<b>"A Preferred Shares"</b>	all the A Preferred Shares of £0.000001 each in the share capital of the Company in issue from time to time and a holder of A Preferred Shares shall be referred to as an <b>"A Preferred Shareholder"</b> ;
<b>"A Shareholder Proportion"</b>	In relation to an A Preferred Shareholder, his pro rata entitlement (as nearly as may be) to Sale A Shares or Sale Shares based on the number of A Preferred Shares held by such A Preferred Shareholder as a proportion of the total number of A Preferred Shares then in issue (but excluding, where <b>article 5</b> applies, the total number of Sale A Shares),
<b>"A Transfer Notice"</b>	has the meaning given in <b>article 5.2.1</b> ;
<b>"A Transfer Price"</b>	has the meaning given in <b>article 5.2.1(d)</b> ;
<b>"Act"</b>	the Companies Act 2006;
<b>"Acting in Concert"</b>	has the meaning given to it in The City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended from time to time);

**"Adoption Date"**

the date of adoption of these Articles,

**"Affiliate"**

with respect to any person:

- (a) any other person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such person and for the purposes of this definition, the term "**control**" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or agency or otherwise; or
- (b) where that person is a partnership, another partner in that partnership or a linked, related or successor partnership or fund, or any other funds managed by such partnership; or
- (c) In relation to an A Preferred Shareholder:
  - (i) any Fund in respect of which such A Preferred Shareholder (or any of its related entities including its manager, administrator or delegate or investment advisor to its general partner) is manager, adviser, administrator or delegate or investment advisor to the Fund or its general partner or owner,
  - (ii) any manager, administrator, delegate or investment adviser of any A Preferred Shareholder;
  - (iii) any custodian or nominee for, or company owned or controlled by any A Preferred Shareholder;
  - (iv) which is a nominee, such person for whom it is a nominee, or any other nominee of that person;

**"Agreed Terms"**

has the meaning given in **article 8.2.1(b)**;

<b>"AIM"</b>	the AIM market of The London Stock Exchange plc;
<b>"Allocation Notice"</b>	has the meaning given in <b>article 8.1.6</b> ,
<b>"Anti-Dilution Shares"</b>	has the meaning given in <b>article 4.1</b> ;
<b>"Articles"</b>	these articles of association or as from time to time altered or replaced;
<b>"Asset Sale"</b>	<p>(a) any sale by one or more Group Companies of the whole or substantially the whole of the business and assets of the Group, or any merger or reorganisation of a Group Company; or</p> <p>(b) the grant of an exclusive irrevocable license by a Group Company to a person (other than another Group Company) of all or a substantial part of the Group's intellectual property rights,</p> <p>other than in connection with a sale by a Group Company of the whole or substantially the whole of its business and assets to another Group Company made as part of a <i>bona fide</i> reorganisation of the Group which is entered into with the consent of an Investor Majority;</p>
<b>"Auditors"</b>	the auditors from time to time of the Company,
<b>"Balderton"</b>	Balderton Capital V, L P and any of its successors, Permitted Transferees or assigns,
<b>"Board"</b>	the board of Directors of the Company (or, when the context requires, a subsidiary of the Company) or any committee of such board of Directors,
<b>"Business Day"</b>	a day other than Saturday, Sunday or a day on which banks are generally closed in the City of London;
<b>"CEO"</b>	the chief executive officer or any equivalent officer of the Company from time to time,

<b>"Clawback Notice"</b>	a notice deemed to have been served by the Company pursuant to <b>articles 7.3, 7.4, 7.6 or 7.7;</b>
<b>"clear days"</b>	in relation to the period of a notice, means that period excluding the day when the notice shall be served or deemed to be served and the day for which it shall be given or on which it shall take effect;
<b>"Company"</b>	<b>Revolut Ltd</b> (incorporated and registered in England and Wales under company number 08804411),
<b>"Compulsory Purchase Notice"</b>	has the meaning given in <b>article 11.1;</b>
<b>"Compulsory Transfer"</b>	a transfer made pursuant to and in accordance with <b>article 9;</b>
<b>"Connected Person"</b>	in relation to a person, any other person: <ul style="list-style-type: none"> <li>(a) who is a connected person (as defined in section 1122 of the Corporation Taxes Act 2010) to the first mentioned person, or</li> <li>(b) with whom the first mentioned person is acting in concert (as defined in The City Code on Takeovers and Mergers);</li> </ul>
<b>"Controlling Interest"</b>	ownership of the legal and/or beneficial interest or title to at least a majority of the Shares in issue taken together,
<b>"Conversion Date"</b>	has the meaning given in <b>article 3.2.3,</b>
<b>"Conversion Rate"</b>	has the meaning given in <b>article 3.2.1;</b>
<b>"Costs of Sale"</b>	the professional and advisory fees and expenses incurred by the Company or the Drag-Along Sellers in connection with the sale of the Company,
<b>"Default Shares"</b>	has the meaning given in <b>article 6.3,</b>
<b>"Directors"</b>	the directors from time to time of the Company (or, where the context requires, of any subsidiary of the Company from time

to time) (and **"Director"** shall be construed accordingly),

**"Drag-Along Purchaser"**

has the meaning given in **article 10.1**;

**"Drag-Along Sellers"**

has the meaning given in **article 10.1**;

**"EIS Investor"**

a person who has either (i) notified the Company prior to his subscription for A Preferred Shares that he wishes to obtain EIS Relief in respect of such A Preferred Shares or (ii) applied for EIS Relief in respect of any A Preferred Shares (any such A Preferred Share being an **"EIS Share"** for the purpose of these Articles;

**"EIS Relief"**

means the relief known as enterprise investment scheme relief available under Part 5 of the Income Tax Act 2007 or Schedule 5B of the Taxation of Chargeable Gains Act 1992 or such relief as it may be varied or replaced with from time to time;

**"Excess Shares"**

in relation to an A Preferred Shareholder, Sale A Shares or Sale Shares (as the case may be) in excess of his A Shareholder Proportion,

**"executed"**

includes any mode of execution,

**"Exercising Investor"**

Has the meaning given in **article 4.1**,

**"Expert"**

the Auditors, or in the event that the Auditors are unable or unwilling to act, an independent firm of chartered accountants chosen by agreement between the Company and the relevant Shareholder or Shareholders, or in the event that they are unable to agree within 5 Business Days, a firm of chartered accountants nominated by the President for the time being of the Institute of Chartered Accountants of England and Wales (in each case acting as experts and not as arbitrators);

**"Fair Value"**

shall be as determined in **article 11**;

**"Family Trust"**

as regards any particular individual Shareholder or deceased or former individual Shareholder, trusts (whether arising under a settlement, declaration of

trust or other instrument, 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 Shareholder and/or Privileged Relations of that individual, and so that for this purpose a person shall be considered to be beneficially interested in a Share if such Share or the income of such Share is liable to be transferred or paid or applied or appointed to or for the benefit of such person or any voting or other rights attaching thereto are exercisable by or as directed by such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred by such terms on any person or persons,

**"Fund"**

any investment fund, collective investment scheme or unit trust or other investment vehicle (howsoever structured),

**"Group"**

the Company, its holding company, its subsidiaries and subsidiary undertakings and subsidiaries and subsidiary undertakings of its holding company from time to time and **"Group Company"** means any one of them from time to time;

**"holder"**

in relation to Shares means the Shareholder whose name is entered in the register of Shareholders of the Company as the holder of the Shares,

**"Initial Offer"**

shall bear the meaning set out in **article 12.2**;

**"Investor Director"**

a Director appointed an Investor Director pursuant to **article 16.2**,

**"Investor Majority"**

the holder or holders together from time to time of at least 60% of the A Preferred Shares in issue (including for these purposes any Ordinary Shares deriving from conversion of A Preferred Shares pursuant to these Articles),

**"Issue" or "Reorganisation"**

any return of capital, issue of shares or other securities of the Company by way of capitalisation of profits or reserves (other than a capitalisation issue in substitution for



or as an alternative to a cash dividend which is made available to the A Preferred Shareholders) or any consolidation or subdivision or any repurchase or redemption of shares (other than A Preferred Shares) or any variation in the subscription price or conversion rate applicable to any other outstanding shares of the Company in each case other than shares issued as a result of the events set out in **article 12.6**;

**"Listing"**

the listing or admission to trading of all or any shares in any Group Company or depositary receipts representing any such shares on or to any Recognised Investment Exchange or Overseas Investment Exchange (as those terms are defined in the Financial Services and Markets Act 2000) or AIM or NASDAQ or the offering to the public of any such shares or depositary receipts representing any such shares in any jurisdiction;

**"Member Applicant"**

has the meaning given in **article 8.1.6**,

**"Member of the same Group"**

as regards any body corporate, any other body corporate which is from time to time a holding company, parent undertaking or subsidiary of such body corporate, or a subsidiary of any such parent undertaking of such body corporate;

**"Memorandum"**

the memorandum of association of the Company, as amended from time to time;

**"Minority Shareholder"**

has the meaning given in **article 10.1**;

**"Model Articles"**

the model articles for private companies contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles,

**"NASDAQ"**

the NASDAQ Global Market of the NASDAQ OMX Group, Inc ,

**"Net Proceeds"**

has the meaning given in **article 3.1.1**;

**"New Securities"**

any Shares or other securities convertible into, or carrying the right to subscribe for those Shares, issued by the Company after the Adoption Date (other than Shares or

	securities issued as a result of the events set out in <b>article 12.6</b> ),
<b>"Ordinary Excess Shares"</b>	in relation to an Ordinary Shareholder, Sale Shares in excess of his Ordinary Shareholder Proportion,
<b>"Ordinary Shareholder"</b>	any holder of Ordinary Shares;
<b>"Ordinary Shareholder Proportion"</b>	in relation to an Ordinary Shareholder, his pro rata entitlement (as nearly as may be) to Sale Shares based on the number of Ordinary Shares held by such Ordinary Shareholder as a proportion of the total number of Ordinary Shares then in issue;
<b>"Ordinary Shares"</b>	the ordinary shares of £0.000001 each in the share capital of the Company in issue from time to time,
<b>"Permitted Transfer"</b>	a transfer of Shares authorised by <b>article 7</b> ;
<b>"Permitted Transferee"</b>	a person to whom or which Shares have been, or may be, transferred pursuant to a Permitted Transfer,
<b>"Privileged Relation"</b>	in relation to an individual Shareholder or deceased or former individual Shareholder the sibling, civil partner, husband or wife or the widower or widow of such Shareholder and all the lineal descendants and ascendants in direct line of such Shareholder and a civil partner, husband or wife or widower or widow of any of the above persons and for such purposes, a step-child or adopted child or illegitimate child of any person shall be deemed to be his or her lineal descendant;
<b>"Qualifying Issue"</b>	has the meaning given in <b>article 4.1</b> ,
<b>"Reserved Matters"</b>	has the meaning given in <b>article 3.4</b> (Reserved Matters),
<b>"Sale"</b>	the sale of (or the grant of a right to acquire or to dispose of) any of the shares in the capital of the Company (in one transaction or as a series of transactions) which will result in the purchaser of those shares (or grantee of that right) and persons Acting in

Concert with him together acquiring a Controlling Interest in the Company, except where following completion of the sale the shareholders and the proportion of shares held by each of them are the same as the shareholders and their shareholdings in the Company immediately prior to the sale,

**"Sale A Shares"**

has the meaning given in **article 5.2;**

**"Sale Shares"**

has the meaning given in **article 8.1.1,**

**"Security Interest"**

any interest or equity of any person (including, without prejudice to the generality of the foregoing, any right to acquire, option or right of pre-emption (other than pursuant to these Articles)) or any mortgage, charge, pledge, lien or assignment, or any other encumbrance, priority or security interest or arrangement of whatsoever nature over or in the relevant property;

**"Selling A Shareholder"**

has the meaning given in **article 5.2;**

**"Selling Shareholder"**

has the meaning given in **article 8.1.1,**

**"Share" or "Shares"**

any share or shares in the capital of the Company, whether in existence at the date of adoption of these Articles or subsequently issued;

**"Shareholder"**

any holder for the time being of a Share or Shares;

**"Subscription Price"**

in relation to any Share the amount paid up or credited as paid up on such Share (including the full amount of any premium at which such share was issued or deemed to be issued) (if applicable, adjusted as referred to in **article 4.3** to reflect any Issue or Reorganisation);

**"Third Party Purchaser"**

has the meaning given in **article 8.1.9;**

**"Transfer Notice"**

has the meaning given in **article 8.1.2;**

**"Transfer Price"**

has the meaning given in **article 8.1.2,**  
and

**"Whole Interest"**

in relation to a Share, the entire legal and beneficial interest in and rights in respect of such Share.

- 1.2 A reference to any statute or statutory provision is to be construed as a reference to such statute or provision as amended, consolidated or re-enacted from time to time and to any orders, regulations, instruments or other subordinate legislation (and relevant codes of practice) made under the relevant statute for the time being in force
- 1.3 Unless the context otherwise requires:
- 1.3.1 words in the singular include the plural, and vice versa;
- 1.3.2 words importing one gender include the other gender,
- 1.3.3 a reference to a person includes a reference to a body corporate and to an unincorporated body of persons, and
- 1.3.4 unless otherwise defined in these Articles, words or expressions contained in these Articles bear the same meaning as in the Act.
- 1.4 The headings are inserted for convenience only and do not affect the construction of these Articles
- 1.5 Any reference in these Articles to a Shareholder shall be deemed to include a reference to their Permitted Transferees, unless the context requires otherwise.
- 1.6 The following articles of the Model Articles shall not apply to the Company 3 to 5 (inclusive), 8 to 14 (inclusive) 16 to 19 (inclusive), 21 to 23 (inclusive), 24(2)(c), 26(5), 27, 28, 29, 38, 40 to 46 (inclusive), 48 and 50 to 53 (inclusive) In addition to the remaining regulations of the Model Articles as varied by the provisions of these Articles, the following shall be the Articles of the Company. If there is any inconsistency between these Articles and Model Articles, the provisions of these Articles shall prevail.

**2 SHARE CAPITAL AND LIABILITY OF MEMBERS**

- 2.1 The Shares shall entitle the holders of those Shares to the rights and privileges and subject them to the restrictions and provisions set out in these Articles
- 2.2 The rights conferred upon the holders of Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* with or senior to the Shares of that class
- 2.3 Except as required by law, and even when the Company shall have express notice of that fact, no person shall be recognised by the Company as holding any Share upon any trust and (except as otherwise provided by the Articles or by law) the Company shall not be bound by or recognise any interest in any Share except an absolute right to the entirety of such Share in the holder
- 2.4 The liability of the members is limited to the amount, if any, unpaid on the Shares held by them

- 2.5 The words "and the directors may determine the terms, conditions and manner of redemption of any such shares" shall be deleted from article 22(2) of the Model Articles
- 2.6 Paragraph (c) of article 24(2) of the Model Articles shall be amended by the replacement of the words "that the shares are fully paid; and" with the words "the amount paid up on them, and"
- 2.7 In article 25(2) of the Model Articles, the words "payment of a reasonable fee as the directors decide" in paragraph (c) shall be deleted and replaced by the words "payment of the expenses reasonably incurred by the Company in investigating evidence as the directors may determine"
- 2.8 Subject to the Act, the Company may purchase its own Shares with cash to the extent permitted by section 692(1)(b) of the Act.

### **3 RIGHTS ATTACHING TO THE SHARES**

#### **3.1 Capital**

The A Preferred Shares and Ordinary Shares shall be entitled to the following capital rights

3.1.1 Subject to Article 3.1.4, on a return of assets on a liquidation, reduction of capital, or otherwise the assets of the Company remaining after payment of its liabilities ("**Net Proceeds**") shall be distributed as follows

- (a) first, to each holder of A Preferred Shares, in priority to all other Shareholders, an amount equal to the Subscription Price for its A Preferred Shares (or in the event of the sub-division and/or redesignation of the A Preferred Shares, the Subscription Price originally paid for each A Preferred Share from which the Shares arising on such sub-division and/or redesignation derive) plus any arrears or accruals of dividend (if any) on the A Preferred Shares (as the case may be) due or declared but unpaid down to the date of the return of assets, provided that if there are insufficient Net Proceeds to pay such amounts to all holders of A Preferred Shares in full, the available Net Proceeds shall be distributed to the holders of A Preferred Shares in proportion to the Subscription Price of the A Preferred Shares held by them and arrears or accruals of dividend due to them respectively;
- (b) thereafter the balance of the Net Proceeds, if any, shall be distributed to each of the holders of the Ordinary Shares (including, for the avoidance of doubt, any Ordinary Shares arising from conversion of A Preferred Shares under article 3.2) in proportion to the number of Ordinary Shares held by them respectively.

3.1.2 in the event of a Sale, the proceeds of such Sale (net of any costs associated with such Sale) shall be distributed between the Shareholders in the manner set out in **article 3.1.1** as if the same constituted a liquidation of the Company, and as if such proceeds constituted the Net Proceeds of such liquidation, and

- 3.1.3 on an Asset Sale the Company shall (insofar as it is lawfully able) as soon as practicable distribute (whether by means of dividend, solvent liquidation or otherwise) to the Shareholders the proceeds of such Asset Sale (after payment of the Company's liabilities, including any costs associated with such Asset Sale) and those proceeds shall be distributed between the Shareholders in the manner set out in **article 3.1.1** as if the same constituted a liquidation of the Company, and as if such proceeds constituted the Net Proceeds of such liquidation.
- 3.1.4 Any EIS Shares held by an EIS Investor shall not have the rights provided for in **article 3.1.1(a)** on a return of assets on a liquidation, reduction of capital, or otherwise but shall participate in the balance of any surplus assets in accordance with **article 3.1.1(b)** as if the Ordinary Shares and the EIS Shares constituted one and the same class. In the event of a Sale or on an Asset Sale, the EIS Shares shall have the rights to share in the proceeds of sale under **article 3.1.3** or **3.1.2** to the same extent as the other A Preferred Shares.

## 3.2 Conversion

- 3.2.1 Immediately on the request in writing, at any time, by an A Preferred Shareholder (other than an EIS Investor), such number of his A Preferred Shares as such A Preferred Shareholder shall specify shall on the date of such request automatically be converted into and redesignated as Ordinary Shares at the rate of one Ordinary Share for every A Preferred Share ("**Conversion Rate**")
- 3.2.2 Immediately on the request in writing, at any time, by an Investor Majority, all of the A Preferred Shares then in issue (including those held by EIS Investors) shall, regardless of whether they are held by the Investor Majority or any other A Preferred Shareholder not being one of the Investor Majority, on the date of such request automatically be converted into and redesignated as Ordinary Shares at the Conversion Rate
- 3.2.3 The "**Conversion Date**" for the purposes of this **article 3.2** means, depending upon whether conversion is to take place pursuant to **articles 3.2.1** or **3.2.2**, the date upon which the A Preferred Shares are to be converted into Ordinary Shares as specified in the applicable article
- 3.2.4 The Ordinary Shares arising on such conversion and redesignation shall rank *pari passu* with the Ordinary Shares then in issue and fully paid up and shall entitle the holders of the Ordinary Shares to all dividends and other distributions declared, made or paid on the Ordinary Shares by reference to any record date occurring after the Conversion Date.
- 3.2.5 If the Ordinary Shares or the A Preferred Shares are consolidated or sub-divided, then the number of Ordinary Shares into which A Preferred Shares are to be converted and redesignated shall be reduced or increased accordingly and if any doubt arises as to the number of them the certificate of the opinion of the Expert shall be conclusive and binding save in the case of manifest error.
- 3.2.6 If the Company shall make any capital distribution to the holders of Ordinary Shares (but not to the holders of A Preferred Shares), then the Conversion Rate shall be adjusted accordingly by such amount

determined to be appropriate by the Expert, whose certificate shall be conclusive and binding save in the case of manifest error. For the purposes of this **article 3.2.6 "capital distribution"** means:

- (a) any distribution of capital profits (whether realised or not) or capital reserves, except by means of a capitalisation issue made in the form of fully paid Ordinary Shares in relation to which an adjustment pursuant to **article 3.2.7** is made; or
- (b) a repayment of capital or purchase of the Company's own Ordinary Shares (other than a redemption or purchase of redeemable shares in accordance with the terms of issue of such shares)

3.2.7 If there is an allotment of Ordinary Shares (which shall only be allotted fully paid), whether pursuant to a capitalisation of profits or reserves (including share premium account and capital redemption reserve) to holders of Ordinary Shares while any A Preferred Shares remain capable of being converted into Ordinary Shares, then the number of Ordinary Shares to be issued on conversion of A Preferred Shares after that allotment shall be increased by a corresponding adjustment of the Conversion Rate to reflect the percentage increase in the Ordinary Shares in issue.

3.2.8 Upon the Conversion Date each holder of A Preferred Shares shall deliver to the Company at its registered office the certificates for his A Preferred Shares or an indemnity for lost share certificates in favour of the directors and the Company, duly executed by such holder of A Preferred Shares, and upon such delivery there shall be issued to him a certificate for the number of Ordinary Shares resulting from the conversion and re-designation of his A Preferred Shares

### 3.3 **Income**

All Shares shall rank *pari passu* in respect of dividends, and dividends shall be paid *pro rata* according to the number of Shares held by each Shareholder respectively (in the case of A Preferred Shares, as though they had been fully converted into Ordinary Shares in accordance with **article 3.2**)

### 3.4 **Reserved matters**

Any of the matters listed below (the "**Reserved Matters**") shall require the prior written consent of an Investor Majority. The expression 'the Company' or any matter or item relating to the Company in the Reserved Matters shall include any subsidiary of the Company from time to time or any matter or item relating to such a subsidiary, respectively, to the intent and effect that each of the provisions of this **article 3.4** shall apply in relation to each subsidiary as they apply in relation to the Company.

The Reserved Matters are as follows:

- 3.4.1 the creation, allotment, issue, redemption, reduction, purchase or re-purchase, or the exercise by the Company of a contractual right of first refusal in respect of Shares (other than pursuant to and in accordance with the terms of a contract or employee share option plan which has been approved by the Board including the Investor Director, if

- appointed, and if no Investor Director is appointed, with the consent of an Investor Majority)) of any Shares, securities or stock,
- 3.4.2 the grant (or agreement to grant) to any person of any option (other than grants of options over Shares pursuant to an employee share option plan the terms of which have been approved by an Investor Majority, provided that any such grant does not cause any limit agreed with an Investor Majority on the number of Shares allocated to such plan to be exceeded), warrant or right to call for the issue of any Shares, securities or stock (including convertible securities);
- 3.4.3 the reorganisation, sub-division, consolidation, redesignation or other variation of any Shares or stock in the Company in any way or the variation of any rights, preferences or privileges attaching to any Shares or stock in the Company or any agreement to do any of the foregoing,
- 3 4.4 the declaration or payment of any dividend or other distribution,
- 3 4.5 a Listing, Sale or an Asset Sale;
- 3 4.6 the creation or adoption of any option scheme, plan or other similar arrangement relating to Shares which benefits or may benefit any officers and/or employees and/or consultants of the Company, any alteration to the number of Shares which are subject to any such scheme or plan, or the creation or amendment of the rules of any such scheme or plan, including the acceleration of any agreed vesting schedule of any option,
- 3.4.7 any amendment of or alteration to the Memorandum or Articles (including adoption of new Articles), or passing of any special resolution or passing of any resolution for winding-up of the Company,
- 3.4.8 any change to the number of Directors of the Company or any rights to appoint any such persons, provisions relating to the calling of or proceedings at meetings of the Board or any committee of it, voting, transfer provisions, appointment and removal of Directors, provisions concerning the power of Directors, provisions as to notices or winding up,
- 3.4 9 the liquidation, dissolution or winding up of the Company or any member of the Group, either voluntarily or involuntarily or the filing of any petition for the appointment of an administrator or liquidator or the making of an invitation to any person to appoint an administrative receiver or the entering into of any compromise or arrangement to which the Act or the Insolvency Act 1986 applies,
- 3 4 10 the entry into any agreement providing a Shareholder with registration rights allowing that Shareholder to require the Company to register all or a portion of such Shareholder's holding of Shares with the United States Securities and Exchange Commission pursuant to the United States Securities Act of 1933, as amended, for the purpose of allowing such Shares to be sold to the public in the United States;
- 3 4 11 taking any action that results in the Company (i) incurring or assuming indebtedness in excess of £25,000, or in excess of an aggregate amount of £100,000 in any period of 12 months, save to the extent such indebtedness was expressly provided for in a budget relating to the



- Company which was approved by an Investor Majority or (ii) providing a guarantee, pledge or other form of security for any indebtedness,
- 3 4.12 making any fundamental change in the nature of the Company's business as at the Adoption Date;
- 3.4 13 approving or making any material variation to any business plan of the Company or departing from the general strategies, policies or plans laid out in such business plan;
- 3 4 14 approving or making any material variation to any annual budget of the Company;
- 3 4.15 taking any action that results in the creation of a subsidiary,
- 3.4.16 selling other than in the ordinary course of business in any transaction or series of related transactions any asset or assets of the Company which constitutes ten per cent (10%) or more of the then current aggregate fair market value of all of such company's assets ("**10% of the Company's Assets**"); provided that where the asset or assets to be sold do not constitute 10% of the Company's Assets, such sale shall be at a price of not less than the fair market value of such asset or assets, as such price would be determined in an arm's length transaction in an open market on commercially reasonable terms;
- 3 4.17 making any loan to, or repaying or guaranteeing any obligation owed by or to, the Company's officers, Directors or employees, other than reimbursements for travel, relocation (incurred in good faith in connection with the recruitment of such person), entertainment and other similar expenses in the ordinary course of business,
- 3 4.18 incurring any capital expenditure in respect of the Company on any one item or series of related items in excess of £100,000 in any twelve (12)-month period, other than in the ordinary course of business, save to the extent that any such expenditure was expressly provided for in an annual budget relating to the Company which was approved by an Investor Majority;
- 3 4.19 entering into or varying or terminating any transaction with, or for the benefit of any Director or Shareholder or any other person who is a Connected Person of any Director or Shareholder;
- 3 4 20 hiring, or increasing by more than ten percent (10%) the remuneration of, any Director, CEO, Chief Financial Officer or other employee of the Company or consultant to the Company whose annual remuneration and other emoluments exceeds £100,000 per year; and
- 3.4.21 in relation to any Director, the authorisation of any matter which would otherwise result in such Director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest (including a conflict of interest and duty or conflict of duties).

#### **4 ANTI-DILUTION PROTECTION**

- 4 1 If New Securities are issued by the Company at a price per New Security which equates to less than the Subscription Price relating to an A Preferred Share (a "**Qualifying Issue**") (which in the event that the New Security is not issued for cash shall be a price certified by the Auditors acting as experts and not as arbitrators as being in their opinion the current cash value of the non-cash consideration for the allotment of the New Securities) then the Company shall, unless and to the extent that the Investor Majority (including Balderton) shall have specifically waived the rights of all of the holders of the A Preferred Shares, offer (such offer, unless waived, to remain open for acceptance for not less than 15 Business Days) to each holder of A Preferred Shares (other than EIS Investors) (the "**Exercising Investor**") the right to receive such number of new A Preferred Shares by applying the following formula (and rounding the product, N, down to the nearest whole share), subject to adjustment as certified in accordance with **article 4.3** (the "**Anti-Dilution Shares**")

$$\left( \left( \frac{SIP}{WA} \right) \times Z \right) - Z = N$$

Where:

N =	Number of Anti-Dilution Shares to be issued to the Exercising Investor,
WA =	$\frac{(SIP \times ESC) + (QISP \times NS)}{(ESC + NS)}$
SIP =	the Subscription Price of the A Preferred Shares in question;
ESC =	the number of Shares in issue plus the aggregate number of shares in respect of which options to subscribe have been granted, or which are subject to convertible securities (including but not limited to warrants) in each case immediately prior to a Qualifying Issue,
QISP =	the per share price of the New Securities issued pursuant to the Qualifying Issue;
NS =	the number of New Securities issued pursuant to the Qualifying Issue;
Z =	the number of A Preferred Shares held by the Exercising Investor

- 4 2 The Anti-Dilution Shares shall:

- 4 2 1 be paid up by the automatic capitalisation of available reserves of the Company, unless and to the extent that the same shall be impossible or unlawful or a majority of the Exercising Investors shall agree otherwise, in which event the Exercising Investors shall be entitled to subscribe for the Anti-Dilution Shares in cash at par (being the par value

approved in advance by the Investor Director) In the event of any dispute between the Company and any Exercising Investor as to the effect of **article 4.1**, the matter shall be referred (at the cost of the Company) to the Auditors for certification of the number of Anti-Dilution Shares to be issued. The Auditor's certification of the matter shall in the absence of manifest error be final and binding on the Company and the Exercising Investor, and

4.2.2 subject to the payment of any cash payable pursuant to **article 4.2.1** (if applicable), be issued, credited fully paid up in cash and shall rank pari passu in all respects with the existing A Preferred Shares, within 5 Business Days of the expiry of the offer being made by the Company to the Exercising A Preferred Investor and pursuant to **article 4.2.1**.

4.3 In the event of any Issue or Reorganisation, the Subscription Price of an A Preferred Share for the purposes of this **article 4** only shall be subject to adjustment on such basis as may be agreed by the Company with the Investor Majority (including Balderton) within 10 Business Days after any Issue or Reorganisation. If the Company and the Investor Majority (including Balderton) cannot agree such adjustment it shall be referred to the Auditors whose determination shall, in the absence of manifest error, be final and binding on the Company and each of its Shareholders. The costs of the Auditors shall be borne by the Company.

## **5 TRANSFERS OF A PREFERRED SHARES**

5.1 Save as provided in this **article 5**, there are no restrictions whatsoever on the transfer of A Preferred Shares (notwithstanding any other provision of these Articles), and the Board shall promptly approve for registration and cause to be registered any duly stamped stock transfer form in relation to any such transfer presented to the Board for registration.

### **5.2 Sale Process**

5.2.1 If any A Preferred Shareholder (the "**Selling A Shareholder**") wishes to transfer any interest in any A Preferred Shares ("**Sale A Shares**") to any other person (other than pursuant to a Permitted Transfer in accordance with **article 7** (Permitted Transfers) and subject always to **article 10** (Drag-Along Transfers)) such Selling A Shareholder shall give notice in writing (the "**A Transfer Notice**") to the Board of his wish specifying:

- (a) the number of Sale A Shares which he wishes to transfer,
- (b) the proportion of the Selling A Shareholder's total holding of A Preferred Shares which the Sale A Shares represent;
- (c) the name of the third party (if any) to whom he proposes to sell the Sale A Shares; and
- (d) the price (in cash) at which he wishes to transfer the Sale A Shares (the "**A Transfer Price**").

5.2.2 The A Transfer Notice shall be deemed to appoint the Company (acting by the Board) as the agent of the Selling A Shareholder for the sale of the Sale A Shares at the A Transfer Price.

- 5.2.3 Promptly on receipt of the A Transfer Notice, the Board shall give notice in writing to each of the other A Preferred Shareholders informing them of the number of Sale A Shares that are available to purchase and the A Transfer Price. Such notice shall invite each such A Preferred Shareholder to state, in writing within 15 Business Days from the date of such notice (which date shall be specified in such notice), whether he is willing to purchase any and, if so, how many of the Sale A Shares. Each such A Preferred Shareholder shall be entitled to purchase up to his A Shareholder Proportion, and he shall also indicate whether he is prepared to purchase Excess Shares. Each such A Preferred Shareholder shall be allocated his A Shareholder Proportion (or such lesser number of Sale A Shares for which he may have applied). An application by an A Shareholder for Excess Shares shall be allocated in accordance with such application or, in the event of competition, (as nearly as may be) to each A Preferred Shareholder applying for Excess Shares in the proportion which the number of Shares held by such A Preferred Shareholder bears to the total number of A Preferred Shares held by all A Preferred Shareholders applying for Excess Shares PROVIDED THAT such A Preferred Shareholder shall not be allocated more Excess Shares than he shall have stated himself willing to take.
- 5.2.4 Promptly following expiry of the offer pursuant to **article 5.2.3** (or sooner if all the Sale A Shares offered shall have been accepted in the manner provided in **article 5.2.3**) the Board shall give notice of the resulting allocation of Sale A Shares (an "**A Allocation Notice**") to the Selling A Shareholder and each of the A Preferred Shareholders to whom Sale A Shares have been allocated (an "**A Member Applicant**") and shall specify in the A Allocation Notice the place and time (being not earlier than five Business Days and not later than 10 Business Days after the date of the A Allocation Notice) at which the sale of the Sale A Shares shall be completed.
- 5.2.5 The Selling A Shareholder shall be bound, on receipt of the A Transfer Price, to transfer the Sale A Shares comprised in the A Allocation Notice to the A Member Applicants named in the A Allocation Notice at the time and place specified in the A Allocation Notice. If the Selling A Shareholder makes default in so doing,
- (a) a Director nominated by a resolution of the Board for the purpose shall be deemed to be duly appointed as the agent of the Selling A Shareholder with full power to execute, complete and deliver in the name and on behalf of the Selling A Shareholder all documents necessary to give effect to the transfer of the relevant Sale A Shares to the A Member Applicants,
  - (b) the Company may receive and give a good discharge for the purchase money on behalf of the Selling A Shareholder and (subject to the transfer being duly stamped) enter the names of the A Member Applicants in the register of members as the holder or holders by transfer of the Sale A Shares so purchased by him or them; and
  - (c) the Company shall promptly pay the purchase money into a separate bank account and shall hold such money on trust (but without interest) for the Selling A Shareholder until he delivers up his certificate or certificates for the relevant Sale A Shares

(or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate) to the Company following which he shall be paid the purchase money (but without interest)

- 5.2.6 The appointment referred to in **article 5.2.5(a)** shall be irrevocable and is given to secure the performance of the obligations of the relevant holder under these Articles
- 5.2.7 In the event of all the Sale A Shares not being sold under the preceding paragraphs of this **article 5.2** the Selling A Shareholder may, at any time within three calendar months after receiving confirmation from the Company that the provisions contained in this **article 5.2** have been exhausted, sell any Sale A Shares (which have not been sold) in a *bona fide* sale to any person or persons (each a "**Third Party Purchaser**") at any price not less than the A Transfer Price

## **6 GENERAL PROVISIONS RELATING TO TRANSFERS OF ORDINARY SHARES**

### **6.1 No person shall be entitled to.**

6.1.1 transfer or dispose of any Ordinary Shares (or any interest whether legal, equitable or otherwise in such Ordinary Shares or any rights in respect of them) unless such transfer is made pursuant to **article 7** (Permitted Transfers), **article 8** (Transfers of Shares Subject to Pre-Emption), **article 9** (Compulsory Transfers of Ordinary Shares), or **article 10** (Drag-Along Transfers), or

6.1.2 create or grant any mortgage, charge, lien or encumbrance in, over, or in respect of any Ordinary Shares or effect any other dealing in such Ordinary Shares (or any interest whether legal, equitable or otherwise in such Ordinary Shares or any rights in respect of them)

6.2 To enable the Board to determine whether or not there has been any transfer of Shares (or any interest in any Shares) in breach of the Articles, the Board may, and shall if so requested in writing by an Investor Majority, by notice in writing require any holder or the legal representatives of any deceased holder or any person named as a transferee in any transfer lodged for registration or any other person who the Directors or the Investor Directors may reasonably believe to have information relevant to that purpose, to provide the Board with such information, together with any other information or evidence the Board considers necessary in connection with establishing any past or present interest or rights held by any person in or in respect of any Shares (including without limitation, the names, addresses and interests of all persons respectively having any interest in any Shares registered from time to time in such holder's name) A notice given by the Board pursuant to this **article 6.2** shall require any information to be given in response to such notice to be given in writing within such reasonable time as may be specified in the notice.

6.3 Where notice is served by the Board under **article 6.2** on any person and such person has failed to give the Board the information required within the period specified in such notice, or that as a result of the information provided, the Board is reasonably satisfied that a breach has occurred, the Board shall promptly notify the holder of such Shares ("**Default Shares**") in writing of that fact and the following shall occur:

6.3.1 the Default Shares shall cease to confer upon the holder of them (or any proxy) any rights

- (a) to vote, whether on a show of hands or a poll,
- (b) to receive any dividends or other distributions, and
- (c) except in a liquidation, to receive payment of any sums due from the Company on the Default Shares, whether in respect of capital or otherwise (and any such payments that would otherwise be due during such period shall be considered forfeited and shall not accrue)

6.3.2 The holder may be required, at any time following receipt of the notice and for so long as such holder has not complied in all material respects with a notice given pursuant to **article 6.2**, to transfer some or all of the Default Shares to any person(s) nominated by the Board at the price that the Board may require (with the approval of the Investor Majority) by notice in writing to that holder

6.3.3 The rights referred to in **article 6.3.1** shall be reinstated upon the earlier of (i) the completion of any transfer referred to in **article 6.3.1(c)**, and (ii) full compliance with a notice given by the Board pursuant to **article 6.2**

## **7 PERMITTED TRANSFERS**

7.1 Any transfer by a Shareholder made in accordance with **articles 7.2** or **7.5** (a "**Permitted Transfer**") may be made at any time without restriction (including **article 5** (Transfers of A Preferred Shares) and **article 8** (Transfers of Shares Subject to Pre-Emption) which shall not apply to Permitted Transfers)

### **7.2 Transfers by Individuals and Family Trusts**

7.2.1 Any Shareholder who is an individual may transfer the Whole Interest in any Shares of which he is the holder

- (a) (provided that such Shares are not held by such individual Shareholder in the capacity of a trustee of any Family Trusts) to a Privileged Relation of such individual Shareholder, or
- (b) to trustees to be held upon Family Trusts related to such individual Shareholder.

7.2.2 Where a person is entitled to Shares in consequence of the death, bankruptcy or insolvency of an individual Shareholder, he may transfer the Whole Interest in such Shares to any person or trustee to whom such individual Shareholder, if not dead or bankrupt, would be permitted to transfer the same under this **article 7.2**.

7.2.3 Where Shares have been issued to trustees of Family Trusts or transferred under this **article 7.2** to trustees of Family Trusts, the trustees and their successors in office may transfer the whole of their interest in and rights in respect of all or any of such Shares

- (a) to the trustees for the time being of the Family Trust concerned on any change of trustees;
- (b) to the trustees for the time being of any other trusts being Family Trusts in relation to the same individual Shareholder or

deceased or former Shareholder pursuant to the terms of such Family Trusts or to any discretion vested in the trustees of such Family Trusts, or

- (c) to the relevant Shareholder or former Shareholder or any Connected Person of the relevant Shareholder or deceased or former Shareholder who has become entitled to the Shares proposed to be transferred on the total or partial termination of or pursuant to the terms of the Family Trusts concerned or in consequence of the exercise of any discretion vested in the trustees of such Family Trusts

7.3 If and whenever any Shares come to be held by trustees or former trustees otherwise than upon Family Trusts, except in circumstances where a transfer of those Shares is authorised pursuant to **article 7.2.3** to be and is to be made to the person or persons entitled thereto, it shall be the duty of the trustees holding such Shares to notify the Board in writing that such event has occurred and the trustees shall be bound, if and when required by notice in writing from the Board so to do, to transfer all of their interest in and rights in respect of such Shares back to the relevant former Shareholder. If no such transfer shall have been presented to the Board for registration within 14 days of such written notice, a Clawback Notice shall be deemed to have been served by such trustees or former trustees and the provisions of **article 7.8** shall apply.

7.4 If a person to whom Shares have been transferred pursuant to **article 7.2.1(a)** shall cease to be a Privileged Relation of the original Shareholder who transferred the Shares pursuant to **article 7.2.1(a)**, it shall be the duty of the person holding such Shares to notify the Board in writing that such event has occurred and such person shall be bound, if and when required by notice in writing from the Directors so to do, to transfer all of its interest in, and rights in respect of its entire holding of Shares back to such original Shareholder or to another Privileged Relation of such original Shareholder. If no such transfer shall have been presented to the Board for registration within 14 days of such written notice, a Clawback Notice shall be deemed to have been served by such person and the provisions of **article 7.8** shall apply.

#### 7.5 **Transfers by companies and other entities**

7.5.1 Any Shareholder which is a body corporate may transfer the Whole Interest in any Shares of which it is the holder (provided that such Shares are not held by such body corporate in the capacity of a trustee of any Family Trusts) to a Member of the same Group as the transferor body corporate

7.5.2 Any Shareholder which is a partnership or other unincorporated entity may transfer the Whole Interest in any Shares of which it is the holder to any of its respective Affiliates and vice versa among such Affiliates (and so that, in the event of dispute, the matter shall be conclusively determined by the Board acting with the consent of the Investor Director (or, if no Investor Director is in office, an Investor Majority))

7.5.3 An A Preferred Shareholder may transfer any interest in any A Preferred Shares of which it is the holder to any Affiliate and any such Affiliate may transfer such interest to any of its respective Affiliates.

7.6 If a transferee company ceases to be a Member of the same Group as the transferor company from which (whether directly or by a series of transfers under **article**

**7.5.1)** the Shares derived, it shall be the duty of the transferee company to notify the Board in writing that such event has occurred and (unless the Whole Interest in such Shares is then transferred by the transferee company to the transferor company or a Member of the same Group as the transferor company, any such transfer being deemed to be authorised under the foregoing provisions of this **article 7**) the transferee company shall be bound, if and when required by notice in writing from the Board so to do, to transfer the Whole Interest in its entire holding of Shares back to the transferor company. If no such transfer shall have been presented to the Board for registration within 14 days of such written notice, a Clawback Notice shall be deemed to have been served by such transferee and the provisions of **article 7.8** shall apply.

7.7 If a person to whom Shares have been transferred pursuant to **article 7.5.2** shall cease to be an Affiliate of the original Shareholder who transferred the Shares pursuant to **article 7.5.2**, such person shall be bound, if and when required in by notice in writing from the Board so to do, to transfer the Whole Interest in its entire holding of Shares back to such original Shareholder or to another Affiliate of such original Shareholder. If no such transfer shall have been presented to the Board for registration within 14 days of such written notice, a Clawback Notice shall be deemed to have been served by such person and the provisions of **article 7.8** shall apply.

7.8 Where a Clawback Notice is deemed to have been served pursuant to provisions of this **article 7** the terms of the Clawback Notice shall be as follows:

7.8.1 the person who is deemed to have served the Clawback Notice shall be treated as the Selling Shareholder for the purposes of **articles 8.1.2 to 8.1.8**;

7.8.2 the Transfer Price shall be equal to the Subscription Price, and

7.8.3 the provisions of **articles 8.1.2 to 8.1.8** shall apply as if the Clawback Notice was a Transfer Notice in respect of all of the Selling Shareholder's Shares, save that in respect of any Shares not sold under the provisions of those articles, the Board should be entitled to nominate any one or more persons (at the Board's discretion) to whom any such unsold Shares shall be transferred at the Subscription Price of such Shares.

## **8 TRANSFERS OF SHARES SUBJECT TO PRE-EMPTION**

### **8.1 Right of First Refusal**

8.1.1 Subject to the provisions of **articles 7** (Permitted Transfers), **8** (Compulsory Transfers of Ordinary Shares) and **10** (Drag-Along Transfers), a Shareholder (a "**Selling Shareholder**") who wishes to accept an offer from or enter into any agreement with any person for the sale or transfer of its Whole Interest in all or part of its holding of Ordinary Shares (the "**Sale Shares**") may only do so.

(a) with the prior written consent of an Investor Majority; and

(b) in accordance with the procedure set out in the following provisions of this **article 8.1**

8.1.2 Any Selling Shareholder who has obtained the consent of an Investor Majority required pursuant to **article 8.1.1(a)** shall give notice in writing (the "**Transfer Notice**") to the Board of his wish specifying,



- (a) the number of Sale Shares which he wishes to transfer;
- (b) the proportion of the Selling Shareholder's total holding of Ordinary Shares which the Sale Shares represent (as though all A Preferred Shares held by such Selling Shareholder (if any) had been converted into Ordinary Shares),
- (c) the name of the third party (if any) to whom he proposes to sell the Sale Shares, and
- (d) the price (in cash) at which he wishes to transfer the Sale Shares (the "**Transfer Price**").

8.1.3 The Transfer Notice shall be deemed to appoint the Company (acting by the Board) as the agent of the Selling Shareholder for the sale of the Sale Shares at the Transfer Price.

8.1.4 Promptly on receipt of the Transfer Notice, the Board shall give notice in writing to each of the A Preferred Shareholders informing them of the number of Sale Shares that are available to purchase and the Transfer Price. Such notice shall invite each A Preferred Shareholder to state, in writing within 15 Business Days from the date of such notice (which date shall be specified in such notice), whether he is willing to purchase any and, if so, how many of the Sale Shares. Each A Preferred Shareholder shall be entitled to purchase up to his A Shareholder Proportion, and he shall also indicate whether he is prepared to purchase Excess Shares. Each A Preferred Shareholder shall be allocated his A Shareholder Proportion (or such lesser number of Sale Shares for which he may have applied); an application by an A Preferred Shareholder for Excess Shares shall be allocated in accordance with such application or, in the event of competition, (as nearly as may be) to each A Preferred Shareholder applying for Excess Shares in the proportion which the number of Shares held by such A Preferred Shareholder bears to the total number of Shares held by all A Preferred Shareholders applying for Excess Shares PROVIDED THAT such A Preferred Shareholder shall not be allocated more Excess Shares than he shall have stated himself willing to take.

8.1.5 Promptly after the expiry of the offer made pursuant to **article 8.1.4**, if such offer has not been accepted in respect of all of the Sale Shares, the Board shall give notice in writing to each of the Ordinary Shareholders, informing them of the number of Sale Shares that are remaining available to purchase. Such notice shall invite each Ordinary Shareholder to state, in writing within 15 Business Days from the date of such notice (which date shall be specified in such notice), whether he is willing to purchase any and, if so, how many of the remaining Sale Shares. Each Ordinary Shareholder shall be entitled to purchase up to his Ordinary Shareholder Proportion, and he shall also indicate whether he is prepared to purchase Ordinary Excess Shares. Each Ordinary Shareholder shall be allocated his Ordinary Shareholder Proportion, or such lesser number of Sale Shares for which he may have applied; an application by an Ordinary Shareholder for Ordinary Excess Shares shall be allocated in accordance with such application or, in the event of competition, (as nearly as may be) to each Ordinary Shareholder applying for Ordinary Excess Shares in the proportion which the number of Shares held by such Ordinary Shareholder bears to the total number of Shares held by all Ordinary Shareholders applying for Ordinary

Excess Shares PROVIDED THAT such Ordinary Shareholder shall not be allocated more Ordinary Excess Shares than he shall have stated himself willing to take

- 8 1 6 Promptly following expiry of the offers pursuant to **articles 8.1.4** and **8.1.5** (or sooner if all the Sale Shares offered shall have been accepted in the manner provided in **article 8.1.4**) the Board shall give notice of the resulting allocation of Sale Shares (an "**Allocation Notice**") to the Selling Shareholder and each of the Shareholders to whom Sale Shares have been allocated (a "**Member Applicant**") and shall specify in the Allocation Notice the place and time (being not earlier than five Business Days and not later than 10 Business Days after the date of the Allocation Notice) at which the sale of the Sale Shares shall be completed.
- 8 1 7 The Selling Shareholder shall be bound, on receipt of the Transfer Price, to transfer the Sale Shares comprised in the Allocation Notice to the Member Applicants named in the Allocation Notice at the time and place specified in the Allocation Notice. If the Selling Shareholder makes default in so doing
- (a) a Director nominated by a resolution of the Board for the purpose shall be deemed to be duly appointed as the agent of the Selling Shareholder with full power to execute, complete and deliver in the name and on behalf of the Selling Shareholder all documents necessary to give effect to the transfer of the relevant Sale Shares to the Member Applicants,
  - (b) the Company may receive and give a good discharge for the purchase money on behalf of the Selling Shareholder and (subject to the transfer being duly stamped) enter the names of the Member Applicants in the register of members as the holder or holders by transfer of the Sale Shares so purchased by him or them; and
  - (c) the Company shall promptly pay the purchase money into a separate bank account and shall hold such money on trust (but without interest) for the Selling Shareholder until he delivers up his certificate or certificates for the relevant Sale Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate) to the Company following which he shall be paid the purchase money (but without interest).
- 8 1 8 The appointment referred to in **article 8.1.7(a)** shall be irrevocable and is given to secure the performance of the obligations of the relevant holder under these Articles
- 8 1 9 In the event of all the Sale Shares not being sold under the preceding paragraphs of this **article 8.1** the Selling Shareholder may, but subject to **article 8.2**, at any time within three calendar months after receiving confirmation from the Company that the provisions contained in this **article 8.1** have been exhausted, sell any Sale Shares (which have not been sold) in a *bona fide* sale to any person or persons (each a "**Third Party Purchaser**") at any price not less than the Transfer Price

## 8.2 Co-Sale Right

8.2.1 In the event that any Sale Shares are proposed to be sold under **article 8.1**, (whether to one or more other Shareholders ("**Purchasing Shareholders**") pursuant to **articles 8.1.5 to 8.1.7** or to a Third Party Purchaser pursuant to **article 8.1.9**) in circumstances where any A Preferred Shareholder did not exercise any rights to purchase any Sale Shares in accordance with **articles 8.1.5 to 8.1.7** ("**Non-Participating Investor**"), the following provisions shall apply to such sale and purchase:

- (a) In the event that a sale to a Third-Party Purchaser is in prospect, the Board may require to be satisfied in such manner as it may reasonably decide that the Sale Shares are being sold in pursuance of a *bona fide* sale for not less than the Transfer Price without any deduction, rebate or allowance whatsoever to the Third-Party Purchaser and, if not so satisfied, may refuse to register the instrument of transfer, and
- (b) the Selling Shareholder shall procure, before the transfer is made and lodged for registration, that the Purchasing Shareholders or Third-Party Purchaser (as the case may be) has made an offer to each Non-Participating Investor to purchase on the same terms and conditions (including as to price) as shall have been agreed between the Selling Shareholder and the Purchasing Shareholders or Third-Party Purchaser (as the case may be) (the "**Agreed Terms**") such number of Shares as calculated in accordance with the following formula:

$$W \times \left( \frac{X}{Y + Z} \right)$$

where.

W = the number of Sale Shares to be sold to the Purchasing Shareholders or Third-Party Purchaser (as the case may be);

X = the total number of Shares owned by the Shareholder to whom the offer is made;

Y = the aggregate of the total number of Shares owned by each A Preferred Shareholder who wishes to sell Shares pursuant to this **article 8.2.1(b)**, and

Z = the total number of Shares owned by the Selling Shareholder.

8.2.2 To the extent that one or more Non-Participating Investors wishes to sell to the Purchasing Shareholders or Third-Party Purchaser (as the case may be) in accordance with the provisions of **article 8.2.1(b)**, the number of Sale Shares that the Selling Shareholder shall be entitled to sell to such Purchasing Shareholders or Third-Party Purchaser shall be correspondingly reduced.

8.2.3 In the event of disagreement in relation to identification of the Agreed Terms (including disagreement as to the price paid or agreed to be paid for the relevant Shares), the identification of the Agreed Terms shall be

referred to the Expert at the request of any of the parties concerned. The determination of the Expert shall be final and binding. Each of the parties concerned shall provide the Expert with whatever information they reasonably require for the purpose of their determination.

## **9 COMPULSORY TRANSFERS OF ORDINARY SHARES**

### **9.1 Bankruptcy or Insolvency of a Shareholder**

A person entitled to a Share in consequence of the bankruptcy or insolvency of a Shareholder shall be deemed to have given a Transfer Notice in respect of such Share at a time determined by the Board, in respect of which the Transfer Price is the Fair Value.

### **9.2 Death of a Shareholder**

9.2.1 If a Share remains registered in the name of a deceased Shareholder for longer than one year after the date of his death the Board may require, by notice in writing, the legal personal representatives to such deceased Shareholder to effect a Permitted Transfer of such Shares within such period as the Board may reasonably specify.

9.2.2 If a notice served under **article 9.2.1** is not complied with within such period as the Board may reasonably allow for the purpose, a Transfer Notice shall be deemed to have been given in respect of such number of the relevant Shares and at such time as the Board may determine, in respect of which the Transfer Price is the Fair Value.

9.2.3 A person to whom the provisions of this **article 9** apply shall not be entitled to serve a Transfer Notice under **article 8** (Transfers of Shares Subject to Pre-emption) unless that person is required to do so or is deemed to have done so pursuant to this **article 9**, in which case the provisions of **article 8** shall apply to any Transfer Notice served or deemed to have been served under this **article 9**, with such modifications as are necessary to give effect to the provisions of this **article 9**.

## **10 DRAG-ALONG TRANSFERS**

10.1 Where one or more Shareholders (the "**Drag-Along Sellers**") wishes to transfer any Shares (or any interest or rights in such Shares) to a person (a "**Drag-Along Purchaser**") and such transfer would result upon its completion in the transferee of such Shares (or interest or rights in such shares) holding or becoming entitled to acquire 75 per cent or more of the Shares in issue (or interest or rights in such Shares) (and provided that an Investor Majority consents in writing) the Drag-Along Sellers may, by serving a notice (the "**Compulsory Purchase Notice**") to the Company, which the Company shall immediately forward to each other Shareholder ("**Minority Shareholder**"), require all the Minority Shareholders to sell all their Shares and beneficial interests and rights in such Shares to the Drag-Along Purchaser (or such other person or persons as the Drag-Along Purchaser shall specify) in accordance with the provisions of this **article 10**. The Compulsory Purchase Notice will include the terms and conditions of the offer which will be extended to each Minority Shareholder for their Shares (which may require Minority Shareholders to execute and deliver a sale and purchase agreement which may include warranties and/or indemnities to the Drag-Along Purchaser; provided, however, that the limitation of each shareholder's liability in respect of such

warranties and indemnities may not exceed the price such shareholder is entitled to receive for its Shares from the Drag-Along Purchaser).

- 10.2 The price per Share for the Shares held by the Minority Shareholders shall equal the price per Share offered by the Drag-Along Purchaser to the Drag-Along Sellers (subject to distribution in accordance with the provisions of **article 3.1.2**) (provided that any discharge by the Drag-Along Purchaser of any Costs of Sale shall not for these purposes be treated as part of the price per Share offered by the Drag-Along Purchaser to the Drag-Along Sellers if such discharge has been agreed to by the Drag-Along Sellers)
- 10.3 Within seven days of the Drag-Along Purchaser serving a Compulsory Purchase Notice on the Minority Shareholders, the Minority Shareholders shall deliver stock transfer forms for their Shares together with any sale and purchase agreement, together with the relevant share certificates, to the Company. On the expiration of such seven day period the Company shall pay the Minority Shareholders, on behalf of the Drag-Along Purchaser, the amounts they are due pursuant to **article 10.2** to the extent the Drag-Along Purchaser has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Drag-Along Purchaser. The Company shall hold the amounts due to the Minority Shareholders pursuant to **article 10.2** in trust for the Minority Shareholders without any obligation to pay interest.
- 10.4 If a Minority Shareholder fails to deliver stock transfer forms for their Shares and sale and purchase agreement to the Company upon the expiration of such seven day period, the Directors shall, if requested by the Drag-Along Purchaser, authorise any Director to transfer such Minority Shareholder's Shares as agent for and on behalf of such Minority Shareholder on the terms set out in the Compulsory Purchase Notice (including the execution and delivery of a sale and purchase agreement) and deliver stock transfer forms for their Shares to the Drag-Along Purchaser (or its nominee(s)) to the extent the Drag-Along Purchaser has, upon the expiration of such seven day period, put the Company in funds to pay the price for such Minority Shareholder's Shares offered to him. The Board shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Minority Shareholder shall surrender his share certificate for his Shares to the Company. On surrender, he shall be entitled to the amount due to him pursuant to **article 10.7**.
- 10.5 In the event that the Drag-Along Purchaser has not put the Company in the requisite funds upon the expiration of such seven day period, the Board (with the approval of the Investor Director), shall be entitled to postpone completion of the sale of the Minority Shareholders' Shares to such date, being no later than five Business Days following the expiration of such seven day period, as the Board and the Drag-Along Purchaser shall agree. In the event that the Drag-Along Purchaser fails to put the Company in the requisite funds by such postponed completion date, the Drag-Along Purchaser shall cease to be entitled to purchase the Minority Shareholders' Shares, and the Company shall promptly return the stock transfer forms and share certificates to the Minority Shareholders as appropriate.
- 10.6 While the provisions of **article 10.1** apply to a Minority Shareholder's Shares, those Shares may not be transferred otherwise than under **article 10.1**, and the provisions of **article 5** (Transfers of A Preferred Shares) and **article 8** (Transfers of Shares Subject to Pre-emption) shall not apply to any transfer or proposed transfer of Shares to which this **article 10** applies.
- 10.7 The proceeds of a Sale arising pursuant to the terms of **articles 10.1 to 10.5** shall be distributed in the manner and order of priority set out in **article 3.1.2** (Capital)

10 8 On any person, following the issue of a Compulsory Purchase Notice, becoming a Shareholder of the Company pursuant to the exercise of a pre-existing option to acquire shares in the Company or pursuant to the conversion of any convertible security of the Company (a "**New Shareholder**"), a Compulsory Purchase Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Compulsory Purchase Notice who shall then be bound to sell and transfer all Shares so acquired to the Proposed Purchaser or as the Proposed Purchaser may direct and the provisions of this Article shall apply with the necessary changes to the New Shareholder except that completion of the sale of the Shares shall take place immediately on the Compulsory Purchase Notice being deemed served on the New Shareholder

10 9 A Minority Shareholder shall be obliged to give warranties as to (i) title to the Shares held by such Minority Shareholder and which are to be sold pursuant to the Compulsory Purchase Notice and (ii) its capacity to enter into the relevant transaction documents. A Minority Shareholder shall not be obliged to give any other warranties or indemnities unless and to the extent that the Drag-Along Sellers give the same warranties and/or indemnities and the liability in respect of such warranties and/or indemnities is shared between all Shareholders pro rata to their entitlement to the proceeds of Sale pursuant to **article 12.7** and the overall liability of each Shareholder in respect of such warranties and indemnities is capped at the amount of the proceeds of Sale received by such Shareholder Any sale and purchase agreement which any Director is authorised to sign pursuant to **article 12.3** may contain warranties and/or indemnities from each Minority Shareholder on the basis set out in this article.

## **11 DETERMINATION OF FAIR VALUE**

11.1 The Fair Value in relation to any Sale Shares shall be such price as agreed between the Board (any Director with whom the Seller is connected (within the meaning of section 252 of the Act) not being entitled to vote) and the Seller

11 2 If the Board and the Seller are unable to agree the Fair Value pursuant to **article 11.1** within five Business Days after the date on which the Board becomes aware that a Transfer Notice has been deemed to have been given, the Board shall either

11.2.1 appoint an Expert to certify the Fair Value of the Sale Shares; or,

11.2.2 if the Fair Value has been certified by an Expert within the preceding 12 weeks, specify that the Fair Value of the Sale Shares shall be the same price per Sale Share as previously certified

11 3 The Fair Value of the Sale Shares shall be determined by the Expert on the following assumptions and bases:

11.3.1 valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer,

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

11 3 3 that the Sale Shares are capable of being transferred without restriction;

11.3.4 valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable

to the percentage of the issued share capital of the Company which they represent; and

- 11 3.5 reflect any other factors which the Expert reasonably believes should be taken into account.
- 11 4 If any difficulty arises in applying any of the assumptions or bases set out in **article 11.3** then the Expert shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit.
- 11 5 The Expert shall be requested to determine the Fair Value within 15 Business Days of its appointment and notify the Board of their determination.
- 11.6 The Expert shall act as an expert and not as an arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 11 7 The Expert may have access to all accounting records or other relevant documents of the Company, subject to any confidentiality provisions.
- 11 8 If the Expert is asked to certify the Fair Value, its certificate shall be delivered to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to the Seller.
- 11.9 The cost of obtaining the certificate shall be borne in the manner reasonably directed by the Expert.

## **12 ISSUE OF SHARES**

- 12.1 Subject to the provisions of the Act, **article 3.4** (Reserved Matters) and to the following provisions of this **article 12**, all unissued shares shall be at the disposal of the Directors and they may allot, grant rights, options or warrants to subscribe or otherwise dispose of them to such persons, at such times, and on such terms as they think proper.
- 12 2 Subject to **article 12.6** and unless an Investor Majority and a special resolution of the Company approves otherwise, all Shares or securities convertible into Shares which the Directors propose to issue from time to time ("**Offer Shares**") shall first be offered to all of the Shareholders (pro-rata to their relative holdings of shares ("**Pro Rata Offer Shares**")), and at the same price at which the Offer Shares are proposed to be issued ("**Initial Offer**") The Initial Offer shall be made by notice specifying the number of Offer Shares and the price, and limiting a period (not being less than fourteen days) within which the offer, if not accepted in writing, will be deemed to be declined.
- 12.3 Any Shareholder who accepts the Initial Offer in respect of some or all of his Pro Rata Offer Shares (each a "**Participating Shareholder**") shall be entitled to apply for more than his Pro Rata Offer Shares (such additional number of Offer Shares being "**Additional Offer Shares**") In the event that applications are received by the Company for more than the total number of Offer Shares, the Company shall allocate the Offer Shares as follows:
  - 12.3.1 to each Shareholder who applied for all or some of his Pro Rata Offer Shares, the number of Offer Shares for which he applied,
  - 12 3 2 any remaining Offer Shares shall be allocated amongst Participating Shareholders who applied for Additional Offer Shares pro rata to their

relative holdings of Shares (including Offer Shares accepted under **article 12.2**)

- 12 4 Any Offer Shares not accepted pursuant to **article 12.2** or **12.3** or not capable of being offered except by way of fractions shall for a period of two months thereafter be under the control of the Directors, who may allot, grant options over or otherwise dispose of the same to such persons, on such terms, and in such manner as they think fit, provided that, in the case of shares not accepted pursuant to **article 12.2** or **12.3**, such Offer Shares shall only be allotted or otherwise disposed of on terms which are no more favourable in any respect to the subscribers for them than the terms on which they were offered to Shareholders and the Directors may not allot, grant options over or otherwise dispose of any Offer Shares after such period of two months without re-offering such Shares in accordance with **article 12.2** and **12.3**.
- 12 5 In accordance with Section 567(1) of the Act, Sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in Section 560(1) of the Act) made by the Company.
- 12.6 The provisions of **articles 12.1, 12.2** and **12.3** shall not apply to.
- 12 6 1 the issue of any Shares or grant of any options pursuant to any employee share or option scheme approved in accordance with **article 3.4** (Reserved Matters), or
- 12.6 2 the issue of any Shares upon the conversion of any A Preferred Shares, or
- 12 6 3 any issue of Shares pursuant to **article 4** (Anti-Dilution Shares), or
- 12 6 4 Shares issued in connection with a *bona fide* business acquisition by the Company which is approved in writing by an Investor Majority, or
- 12 6 5 Shares issued or issuable pursuant to strategic transactions, equipment lease financings or bank credit arrangements entered into for primarily non-equity financing purposes (in each case which has been approved in writing by an Investor Majority).

### **13 GENERAL MEETINGS**

The Directors may call general meetings and, on the requisition of Shareholders pursuant to the provisions of the Act, shall promptly proceed to convene a general meeting for a date not later than 4 weeks after receipt of the requisition. If there are not within the United Kingdom sufficient Directors to call a general meeting, any Director or any Shareholder may call a general meeting

### **14 PROCEEDINGS AT GENERAL MEETINGS**

- 14.1 No business shall be transacted at any meeting unless a quorum is present. The quorum shall be two persons entitled to vote upon the business to be transacted, each being a Shareholder or a proxy for a Shareholder or a duly authorised representative of a Shareholder being a corporation, provided also that one or more persons holding shares comprising or representing an Investor Majority shall be present. If a notice of a meeting of Shareholders has been given and a quorum is not present within half an hour after the time and place of the meeting, such meeting shall be adjourned for the same day in the next week at the same time and in the same place or as near to the same time and in the same place as is



practicable and if at the adjourned meeting a quorum is not present or ceases to be present then the member or members present shall be a quorum.

- 14.2 The Chairman, if any, of the Board shall preside as Chairman of the meeting, but if the Chairman is not present within 30 minutes after the time appointed for holding the meeting and willing to act, the Directors present shall elect one of their number to be Chairman and, if there is only one Director present and willing to act, he shall be Chairman. If no Director is willing to act as Chairman, or if no Director is present within 30 minutes after the time appointed for holding the meeting, the Shareholders present and entitled to vote shall choose one of their number to be Chairman.
- 14.3 A Director shall, notwithstanding that he is not a Shareholder, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of Shares in the Company.
- 14.4 The Chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for 14 days or more, at least 7 clear days' notice shall be given specifying the time and the place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.
- 14.5 A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:
- 14.5.1 by the Chairman, or
- 14.5.2 by at least one Shareholder having the right to vote at the meeting,
- and a demand by a person as proxy for a Shareholder shall be the same as a demand by the Shareholder.
- 14.6 A poll on any matter shall be taken immediately.
- 14.7 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman shall not be entitled to a casting vote in addition to any other vote he may have.

## **15 VOTING AT GENERAL MEETINGS**

- 15.1 Subject to **articles 6.3.1** and the following provisions of this **article 15**, on a show of hands every Shareholder present in person or (if a corporation) present by a representative duly authorised in accordance with the Act who is not also himself a Shareholder entitled to vote, shall have one vote, and on a poll every Shareholder shall have one vote for every Share of which he is the holder (in the case of holders of A Preferred Shares, as though the A Preferred Shares of such holder had been fully converted into Ordinary Shares in accordance with **article 3.2**).
- 15.2 No Shareholder shall be entitled to vote at any General Meeting or at any separate meeting of the holders of any class unless all calls or other sums presently payable by him in respect of Shares of the Company have been paid.
- 15.3 On a poll votes may be given either personally or by proxy.

- 15.4 An instrument appointing a proxy shall be in writing executed by or on behalf of the appointor (if a corporation, under the hand of a duly authorised officer of the corporation) and shall be in such form as the Directors may determine or, failing such determination, in any usual form
- 15.5 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors may be deposited at the registered office, or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting, not later than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or and an instrument of proxy which is not deposited or delivered in the manner so permitted shall be invalid
- 15.6 In the case of joint holders the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.
- 15.7 If at a general meeting a resolution is proposed for the removal from office of any Investor Director, and an Investor Majority shall vote on a poll against such resolution and the total number of votes cast against such resolution would (in the absence of this **article 15.7**) be insufficient to prevent it being passed by the Company in general meeting, then an Investor Majority shall in relation to that resolution carry such number of votes in respect of its or their holding of A Preferred Shares as is equivalent to 51 per cent. of the total number of votes cast (including those conferred pursuant to this **article 15.7**).

## **16 NUMBER, APPOINTMENT AND REMUNERATION OF DIRECTORS**

- 16.1 The number of Directors shall not be more than four (unless both the Investor Majority and a majority of the Board agree otherwise)
- 16.2 An Investor Majority, by notice in writing in accordance with **article 16.3**, may from time to time appoint one person to be a Director of the Company and each other Group Company. The person holding office pursuant to this **article 16.2** is referred to in these Articles as the "**Investor Director**". An Investor Director shall hold office subject to **article 20** and may at any time be removed from office by an Investor Majority.
- 16.3 Any appointment, replacement or removal of an Investor Director shall be made by notice in writing by an Investor Majority respectively and shall take effect on and from the date on which such notice is lodged at the registered office for the time being of the Company or delivered to a meeting of the Directors.
- 16.4 The Board may by resolution from time to time appoint, remove and replace up to three persons to be Directors (other than the Investor Director)
- 16.5 No Director shall be required to vacate his office as a Director nor shall any person be ineligible for appointment as a Director by reason of his having attained any particular age and the Directors shall not be required to retire by rotation
- 16.6 Subject always to **article 3.4** (Reserved Matters), the remuneration of a CEO, managing director or any Director who may be appointed to any other office in the management, administration or conduct of the business of the Company shall from

time to time (subject to the provisions of any agreement between him and the Company) be fixed by the Directors

## **17 ALTERNATE DIRECTORS**

- 17.1 Each Director shall be entitled to nominate either another Director or any other person willing to act as his alternate Director, and at his discretion to remove such alternate Director in each case by notice in writing to the Company. An alternate Director shall have the same entitlement as his appointor to receive notices of meetings of the Directors and to attend, vote and be counted for the purpose of a quorum at any meeting at which his appointor is not personally present, and generally in the absence of his appointor at such meeting to exercise and discharge all the functions, powers and duties of his appointor.
- 17.2 Save as otherwise provided in these Articles an alternate Director shall during his appointment be deemed to be a Director for the purposes of these Articles, shall not be deemed to be an agent of his appointor, shall alone be responsible to the Company for his own acts or defaults and shall be entitled to be indemnified by the Company to the same extent as if he were a Director.
- 17.3 An alternate Director shall not in respect of his office of alternate Director be entitled to receive any remuneration from the Company nor to appoint another person as his alternate. The appointment of an alternate Director shall immediately and automatically determine if his appointor ceases for any reason to be a Director or on the happening of an event which, if he were a Director, would cause him to vacate the office of Director, or if by written notice to the Company he shall resign such appointment

## **18 POWERS OF DIRECTORS**

- 18.1 Subject to the provisions of the Act, the Memorandum and these Articles and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given
- 18.2 The Directors may establish and maintain, or procure the establishment and maintenance of, any pension or superannuation funds (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances and emoluments to, any persons (including Directors and other officers) who are or were at any time in the employment or service of the Company, or of any company which is or was a subsidiary of the Company or allied to or associated with the Company or any such subsidiary, or of any of the predecessors in business of the Company or of any such other company, 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

## **19 DELEGATION OF DIRECTORS' POWERS**

The Directors may delegate any of their powers to any committee consisting of two or more Directors, one of whom must be an Investor Director. They may also delegate to any CEO, managing director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the Directors may impose and may be revoked or altered. Subject to any such conditions, the proceedings of

a committee with three or more members shall be governed by the Articles regulating the proceedings of Directors so far as they are capable of applying

## **20 DISQUALIFICATION AND REMOVAL OF DIRECTORS**

20 1 The office of a Director shall be vacated in any of the following events namely:

- 20.1.1 if he resigns his office by notice in writing to the Company;
- 20.1 2 if he becomes bankrupt or makes any arrangement or composition with his creditors generally,
- 20.1.3 if he is, or may be, suffering from mental disorder and either:
  - (a) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
  - (b) an order is made by a Court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
- 20 1 4 if he becomes prohibited by law from being a Director,
- 20 1 5 in the case of Directors other than an Investor Director, if a majority of his co-Directors (including the Investor Director) serve notice on him in writing, removing him from office.

## **21 PROCEEDINGS OF DIRECTORS**

- 21.1 Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit. A Director may call a meeting of the Directors. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall not have a second or casting vote. A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.
- 21 2 Subject to **article 21.3** notice of every meeting of the Directors shall be given to every Director and to his alternate (if any) and the non-receipt of notice by any Director or alternate Director shall not invalidate the proceedings of the Directors. Unless all the Directors indicate their willingness to accept shorter notice of a meeting of Directors at least 5 Business Days' notice save in the case of emergency shall be given of the time place and purpose of the meeting. Every notice of a meeting of the Directors required to be given under these Articles shall be in writing and may be served personally or sent by prepaid letter post, facsimile or electronic mail to the address for the time being notified for the purpose and shall be accompanied by an agenda specifying the business to be transacted. In the case of an emergency a notice period of less than 5 Business Days is permitted on the basis that before such emergency meeting is held a telephonic conference call shall be attempted with any Director not present at such meeting and in respect of whom no apology for non-attendance at such meeting has been received. Not fewer than 8 fixed meetings of the Board shall take place in each financial year of the Company on such dates as the Board shall agree prior to the start of each financial year of the Company (and provided that no more be at more than 8 week intervals)

- 21.3 Any Director resident outside or for the time being absent from the United Kingdom shall be entitled to be given reasonable notice of meetings of the Directors to such address if any (whether inside or outside the United Kingdom) as the Director may from time to time notify to the Company. Every notice of meeting referred to in **article 21.2** shall be sent to the Director resident outside the United Kingdom by pre-paid letter by post or facsimile to the address or number for the time being supplied for the purpose to the Company.
- 21.4 The quorum necessary for the transaction of the business of the Directors shall be two persons present in person or represented by an alternate of which one shall be an Investor Director, if appointed. If a notice of meeting has been given and a quorum is not present within 30 minutes following the time of the meeting, such meeting shall be adjourned for the same day in the next week at the same time and in the same place or as near to the same time and in the same place as is practicable. If within 30 minutes following the time at which such meeting has been reconvened, a quorum is not present, the Directors present at the expiry of such 30-minute period shall constitute a valid quorum of the Board on that occasion.
- 21.5 The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number, but, if the number of Directors is less than the number fixed as the quorum, they or he may act only for the purpose of calling a general meeting.
- 21.6 All or any of the members of the Board or any committee of the Board may participate in a meeting of the Board or that committee by means of a telephonic conference or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is not such group, where the chairman of the meeting then is.
- 21.7 All acts done by a meeting of Directors, or of a committee of Directors, or by a person acting as a Director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.
- 21.8 A resolution in writing signed or approved by letter, facsimile or e-mail by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid and effectual as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors duly convened and held and may consist of several documents in the same terms each signed by one or more Directors; but a resolution signed by an alternate Director need not also be signed by his appointor and, if it is signed by a Director who has appointed an alternate Director, it need not be signed by the alternate Director in that capacity.

## **22 DIRECTORS' INTERESTS AND CONFLICTS**

- 22.1 The Directors may (subject to such terms and conditions, if any, as they may think fit from time to time to impose, and subject always to their right to vary or terminate such authorisation) authorise, to the fullest extent permitted by law, any matter which would otherwise result in a Director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest (including a conflict of

interest and duty or conflict of duties), provided that the authorisation is only effective if:

- 22.1.1 any requirement as to the quorum at the meeting at which the matter is considered is met without counting the Director in question or any other interested Director; and
  - 22.1 2 the matter was agreed to without their voting or would have been agreed to if their votes had not been counted
- 22 2 If a matter has been authorised by the Directors in accordance with **article 22.1** (an "**approved matter**") then (subject to such terms and conditions, if any, as the Directors may think fit from time to time to impose, and subject always to their right to vary or terminate such authorisation or the provisions set out below), the relevant Director:
- 22 2 1 shall not be required to disclose any confidential information relating to the approved matter to the Company if to make such a disclosure would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with that approved matter;
  - 22.2 2 may be required by the Company to maintain in the strictest confidence any confidential information relating to the approved matter which also relates to the Company,
  - 22.2 3 may be required by the Company not to attend any part of a meeting of the Directors at which anything relevant to the approved matter is to be discussed and any related board papers may be withheld from that Director;
  - 22 2 4 may absent himself from discussions, whether in meetings of the Directors or otherwise, and exclude himself from information, which may be relevant to the approved matter;
  - 22.2.5 shall not, by reason of his office as a Director, be accountable to the Company for any benefit which he derives from the approved matter
- 22 3 A Director may, notwithstanding his office or the existence of an actual or potential conflict between the interests of the Company and those of a group company which would be caught by section 175(1) of the Act, be a Director or other officer of, or employed by or otherwise interested in, whether directly or indirectly, any other group company (or such other undertaking as the majority holder shall approve in writing) (a "**group company interest**") and the Director in question:
- 22 3 1 shall be entitled to be counted in the quorum and to attend any meeting or part of a meeting of the Directors or a committee of the board of Directors at which any matter which is or may be relevant to the group company interest may be discussed, and to vote on any resolution of the Directors or a committee of the board of Directors relating to such matter or to take any decision relating to such matter pursuant to **article 3.4 (Reserved Matters)**, and any board or committee papers relating to such matter shall be provided to the Director in question at the same time as the other Directors,
  - 22 3 2 shall not be obliged to account to the Company for any benefit which he derives from a group company interest,

- 22.3.3 shall not be obliged to disclose to the Company or use for the benefit of the Company, any confidential information received by him by virtue of his group company interest and otherwise than by virtue of his position as a Director, if to do so would result in a breach of a duty or obligation of confidence owed by him to any other group company or third party
- 22.4 The provisions of **articles 22.1 to 22.3** (inclusive) shall not apply to a conflict of interest which arises in relation to an existing or proposed transaction or arrangement with the Company but the following provisions of this **article 22.4** and **article 22.5** shall apply Any Director may be interested in an existing or proposed transaction or arrangement with the Company provided that he complies with the Act
- 22.5 Without prejudice to the obligation of each Director to declare an interest in accordance with sections 177 and 182 of the Act, a Director may vote at a meeting of the board of Directors or of a committee of the board of Directors on any resolution concerning a matter in which he has an interest, whether direct or indirect, which relates to a transaction or arrangement with the Company, or in relation to which he has a duty Having so declared any such interest or duty he may have, the Director shall be counted in the quorum present when any such resolution is under consideration and if he votes on such resolution his vote shall be counted.
- 23 NOTICES**
- 23.1 A notice may be given by the Company to any Shareholder either personally or by sending it by pre-paid post or facsimile to his registered address or to any other address supplied by him to the Company for the giving of notice to him, but in the absence of such address the Shareholder shall not be entitled to receive from the Company notice of any meeting A properly addressed and pre-paid notice sent by post shall be deemed to have been given upon the first Business Day following that on which the notice is posted. Any Shareholder giving to the Company an address outside the United Kingdom shall be entitled to receive all notices by airmail or facsimile (at the Company's option). A properly addressed and pre-paid notice by airmail shall be deemed to have been given upon the third Business Day following that on which the notice is posted.
- 23.2 A notice given by facsimile or electronic mail shall be deemed to have been given at the same time as it is transmitted if it is transmitted between 9am and 5pm London time on a Business Day, or where such notice is transmitted outside of these hours, it shall be deemed to have been given at 9am on the following Business Day
- 23.3 In the case of joint holders of a Share, all notices shall be given to the joint holder whose name stands first in the register of members of the Company in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders
- 23.4 Except as otherwise provided herein, all notices to be given pursuant to these Articles shall be in writing

**24     CAPITALISATION**

In article 36 of the Model Articles the words "ordinary resolution" shall be replaced by the words "special resolution"

**25     PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS**

The Directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a Director, former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

**26     INDEMNITY AND INSURANCE**

- 26 1 Subject to the provisions of the Act, every Director or other officer of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses or liabilities which he may sustain or incur in or about the execution of the duties of his office, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by any court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company. No Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in connection with the proper execution by such Director of the duties of his office. This **article 26.1** shall only have effect in so far as its provisions are not voided by section 232 of the Act.
- 26 2 The Board shall have power to purchase and maintain for any Director or other officer of the Company insurance against any liability which, by virtue of any rule of law, would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company