

14-03-96

Registered No. 161678

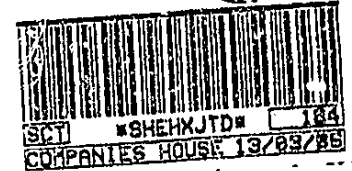
THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

WRITTEN RESOLUTION

of

DALGLEN (No. 626) LIMITED



We being all the Members of Dalglen (No. 626) Limited entitled to attend and vote at an Extraordinary General Meeting of the Company pass the following Written Resolutions as a Special Resolutions:-

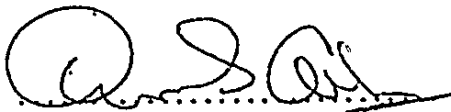
1. "THAT the name of the company be changed to "Scotland On Line Limited"; and
2. "THAT the two issued ordinary shares and the unissued ordinary shares in the Company be reclassified as A Ordinary Shares"; and
3. "THAT the authorized share capital of the Company be and is hereby increased from £100 to £2,000,000 by the creation of 999,900 A ordinary shares of £1 each and 1,000,000 B Ordinary Shares of £1 each ranking in all respects *pari passu* with the existing 100 A ordinary shares of £1 each in the share capital of the Company;" and
4. "THAT the Directors be and are hereby generally and unconditionally authorised for the purposes of section 10 of the Companies Act 1985 to exercise any power of the Company to allot relevant securities (as defined in section 86 of the Companies Act 1985) up to an aggregate nominal amount of £999998 provided that this authority unless renewed or varied shall expire on the date five years from the date on which this resolution is passed but so that the Directors shall be entitled under the general authority hereby conferred to make at any time before the expiry of such authority any offer or agreement which will or might require relevant securities of the Company to be allotted after the expiry of such authority"; and
5. "THAT the Directors be and are hereby empowered for a period expiring five years from the date on which this Resolution is passed to allot equity securities of the Company pursuant to the

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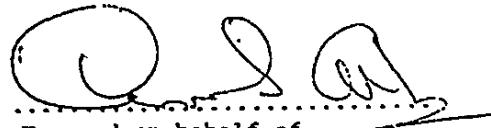
authority conferred by paragraph 4 of this Resolution as if Section 89(1) of the Companies Act 1985 did not apply to such allotment and the Directors shall be entitled to make at any time prior to the expiry of the power hereby conferred any offer or agreement which would or might require equity securities to be allotted after the expiry of such power: provided that such power shall, subject as aforesaid, cease to have effect if the said authority is revoked and shall be limited to the allotment of equity securities which are or to be wholly paid up in cash up to an aggregate nominal amount of 1999998;" and

6. "THAT the Memorandum of Association of the Company with respect to its objects be amended by the deletion of the existing Clause 3 thereof and the substitution therefor of Clause 3 contained in the typewritten document attached"; and
7. "THAT the Regulations contained in the typewritten document attached be approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association thereof".



For and on behalf of  
Dalglan Directors Limited

12 March 1996



For and on behalf of  
Dalglan Securities Limited

12 March 1996

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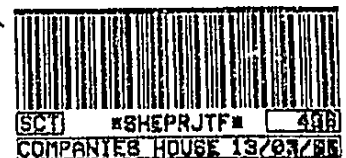
ARTICLES OF ASSOCIATION

of

SCOTLAND ON LINE LIMITED

1996

HIGGART BAILLIE & GIFFORD  
Solicitors  
Glasgow & Edinburgh  
(CXF2:SC680006.202)



Company No: SC161678

THE COMPANIES ACT 1985 AND 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

SCOTLAND ON LINE LIMITED

TABLE A

1. Subject as otherwise provided in these Articles, the regulations contained in Table A of the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (in these Articles referred to as "Table A"), shall apply to the Company.
2. The following provisions of Table A shall not apply to the Company:-
  - (1) Regulation 40;
  - (2) Regulation 50;
  - (3) in Regulation 62(a): the words "not less than forty eight hours"
  - (4) in Regulation 62(b): the words "not less than twenty four hours";
  - (5) Regulation 64;
  - (6) Regulations 73 to 80 inclusive and all references elsewhere in Table A to retirement by rotation shall not apply accordingly;
  - (7) in Regulation 88: the fifth sentence;
  - (8) in Regulation 89: the first sentence;
  - (9) in Regulation 93: the words from "but a resolution signed by an alternate director" to "in that capacity" inclusive;
  - (10) Regulations 94 to 98 inclusive;
  - (11) Regulation 118.

INTERPRETATION

3. In these Articles, where the context so admits:-

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"A Director"	means any person appointed as a director in accordance with the provisions of Article 10(1);
"B Director"	means any person appointed as a director in accordance with the provisions of Article 10(2);
"A Shares"	means A ordinary shares of £1 each in the capital of the Company;
"B Shares"	means B ordinary shares of £1 each in the capital of the Company;
"the A Shareholder(s)"	means the registered holder(s) for the time being of the A shares;
"the B Shareholder(s)"	means the registered holder(s) for the time being of the B Shares;
"Group"	means in relation to a party, that party, its ultimate holding company, its wholly owned subsidiaries and the wholly owned subsidiaries of its ultimate holding company;
"holding company" "subsidiary" and "wholly owned subsidiary"	shall be construed in accordance with Section 736 of the Companies Act 1985.

#### SHARE CAPITAL

4. The share capital of the Company is £2,000,000 divided into 1,000,000 A Shares and 1,000,000 B Shares. Such shares shall entitle the holders thereof to the respective rights and privileges and subject them to the respective restrictions and provisions contained in these Articles, but save as otherwise provided in these Articles the A Shares and the B Shares shall rank pari passu in all respects.

#### DIVIDENDS

5. The Company may from time to time declare and pay such dividends and interim dividends as the Board of Directors may in its absolute discretion determine.

#### TRANSFER OF SHARES

6. (1) If the A Shareholder(s) or the B Shareholder(s) (in either case called "the Seller") wishes to sell all of the issued A Shares or B Shares respectively ("the Seller's Shares"), the Seller shall give to the other party ("the Continuing Party") notice in writing (a "Transfer Notice") of such desire together with details of the proposed third party purchaser thereof ("the Third Party Purchaser") the

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purchase price and all other terms agreed between the Seller and the Third Party Purchaser. A Transfer Notice shall be irrevocable.

- (2) On receipt of the Transfer Notice, the Continuing Party shall have the right to purchase all, but not some only of the Seller's Shares at the purchase price specified in the Transfer Notice (or at such other price as shall be agreed between the Seller and the Continuing Party) by giving written notice to the Seller within twenty four days of receipt of the Transfer Notice ("the Acceptance Period").
- (3) The Continuing Party shall become bound to purchase the Seller's Shares on giving written notice to the Seller to exercise its rights under sub-clause (2) hereof. In such event, completion of the sale and purchase of the Seller's Shares shall take place within sixty days after the giving of such notice.
- (4) In the event of the Continuing Party not wishing to exercise its rights under sub-clause (2) hereof, the Continuing Party shall be at liberty during the Acceptance Period to require the Seller, by notice in writing, to procure a binding offer from the Third Party Purchaser to purchase the whole of the Continuing Party's shareholding, such offer to be on the same terms as those on which the Third Party Purchaser has offered to purchase the Seller's Shares. Failing receipt of such binding offer by the Continuing Party the transfer of the Seller's Shares to the Third Party Purchaser shall not be permitted.
- (5) In the event of the Continuing Party not exercising its rights under sub-clauses (2) and (4) hereof, the Seller shall be at liberty during the period of six months following the expiry of the Acceptance Period to transfer the Seller's Shares on a bona fide arms length sale to the Third Party Purchaser at the price specified in the Transfer Notice.
- (6) Upon the transfer of the Seller's Shares in accordance with the provisions of this Article the Seller shall procure that all directors appointed by it to the Board of Directors of the Company resign and, pending registration of the transfer, shall assist (if necessary) in procuring that directors nominated by the transferee are appointed in their place.
- (7) The restrictions on transfer contained in this Article shall not apply to:-
  - (i) a transfer approved in writing by all the members;
  - (ii) a transfer by a corporate member to any other member of its Group.
- (8) A Transfer Notice in terms of paragraph (1) hereof shall be deemed to have been given by a shareholder if:-

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- (i) that shareholder is either one of the initial subscribers for A Shares or B Shares on or around the date of adoption of these Articles or acquired its shares as a result of a transfer in terms of Article 6(7)(ii) and it ceases to be a member of the Group of which it was a member when it acquired its shares; or
  - (ii) a Transfer of a Controlling Interest (as hereinafter defined) occurs in relation to that shareholder or the ultimate holding company of that shareholder.
- (9) In the event of a deemed Transfer Notice in terms of paragraph (8) hereof the purchase price deemed to be specified therein shall be the Fair Price (as hereinafter defined) of the shares. In such circumstances the Acceptance Period shall be deemed to commence on the date of agreement or determination of the Fair Price, the provisions of paragraphs (4) and (5) hereof shall not apply to such Transfer Notice, and the Continuing Party shall have the option by giving written notice to the Seller within the Acceptance Period to require the Seller to transfer the shares to another member of the Group of which the Seller was a member when it acquired its shares.
- (10) In this Article:-
- (i) "Fair Price" means the fair value on a going concern basis as between a willing seller and a willing buyer on the assumption that the shares are capable of transfer without restriction such fair value to be determined, in the event of failure to agree, by an independent chartered accountant (acting as an expert and not as an arbiter) nominated by agreement between or among the shareholders or in default of such agreement nominated on the application of the Seller or the Continuing Party by the President for the time being of the Institute of Chartered Accountants of Scotland, the cost of such determination to be borne equally;
  - (ii) "Transfer of a Controlling Interest" means in the case of a private company the acquisition of a Controlling Interest by a third party which is not at the date of adoption of these Articles a member of or a connected party to a member of that company and in the case of a public company the acquisition of a Controlling Interest by any party whether or not a member of the company at the date of adoption of these Articles;
  - (iii) "Controlling Interest" means an interest (within the meaning of Schedule 13 Part 1 and Section 324 of the Companies Act 1985 (as amended) in shares in a company conferring in the aggregate in excess of fifty per cent (50%) of the total voting rights

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conferred by all the issued shares of that company;

- (iv) "connected party" means a party connected in terms of Section 839 of the Income and Corporation Taxes Act 1988.

## PROCEEDINGS AT GENERAL MEETINGS

7. No business shall be transacted at any general meeting unless a quorum is present at the time when the relevant business is transacted. The quorum at a general meeting shall consist of one A Shareholder and one B Shareholder each of whom is present in person or by proxy or, in the case of a corporation, by a duly authorised representative.

## VOTES OF MEMBERS

8. Subject to any rights or restrictions attached to any shares, each member who (being an individual) is present in person or by proxy or (being a corporation) is present by duly authorised representative shall have one vote for every share of which he is the holder. 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.

## NUMBER OF DIRECTORS

9. The directors shall not be more than six in number of whom not more than three shall be A Directors and not more than three shall be B Directors.

## APPOINTMENT AND REMOVAL OF DIRECTORS

10. (1) The A Shareholder(s) shall be entitled at any time and from time to time to appoint a total of three directors as A Directors and to remove or replace any director so appointed.
- (2) The B Shareholder(s) shall be entitled at any time and from time to time to appoint a total of three directors as B Directors and to remove or replace any director so appointed.
- (3) Every appointment and removal of a director under paragraphs (1) and (2) of this Article shall be effected by notice in writing signed by or on behalf of the A Shareholder(s) or the B Shareholder(s), as the case may be, and shall take effect immediately upon receipt of such notice at the registered office of the Company or by the Secretary or as and from such date (if any) thereafter as may be specified in such notice.

## ALTERNATE DIRECTORS



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11. (1) At the end of regulation 66 of Table A, as applicable to the Company, there shall be added the following sentence:

"A director or any other person may act as alternate director to represent more than one director, and an alternate director shall be entitled at meetings of the directors or any committee of the directors to one vote for every director whom he represents in addition to his own vote (if any) as a director, but he shall count as only one for the purpose of determining whether a quorum is present."

- (2) At the end of regulation 67 of Table A, as applicable to the Company, there shall be added the following sentence:

"The appointment of an alternate director shall also terminate automatically on the happening of any event which if he were a director would cause him to vacate his office as director."

## INTERESTS OF DIRECTORS

12. A director may vote at any meeting of the directors or a committee of the directors on any resolution concerning a transaction or arrangement with the Company or in which the Company is interested, or concerning any other matter in which the Company is interested, notwithstanding that he is interested in that transaction, arrangement or matter or has in relation to it a duty which conflicts or may conflict with the interests of the Company.

## PROCEEDINGS OF DIRECTORS

13. Any director may, and the Secretary shall on the requisition of any director, at any time summon a meeting of the directors. Unless with the prior written approval of one A Director (or his alternate) and one B Director (or his alternate), at least fourteen days written notice of every meeting of the directors shall be given and no business except that in respect of which the notice has been given shall be transacted at that meeting unless all the directors otherwise agree.
14. The quorum for the transaction of the business of the directors shall be one A Director and one B Director each of whom must be present at the time when the relevant business is transacted. At any meeting of directors or committee of directors at which an equal number of A Directors and B Directors are not present, the number of votes available to be cast by the A Directors and the B Directors respectively shall be equal and the directors of the class of directors of which the lesser number are present shall be given such additional number of votes as is sufficient to ensure that the number of votes available to be cast by each class is equal. In the case of an equality of votes, the chairman shall have a second or casting vote.
15. If and so long as the number of the directors is reduced below the quorum prescribed by Article 14, the continuing directors may act

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for the purpose of convening a general meeting of the Company but for no other purpose.

16. A committee of directors shall always consist of at least one A Director and one B Director who shall be present throughout any committee meeting. Regulation 72 of Table A shall be modified accordingly.
17. Without prejudice to the first sentence of regulation 88 of Table A, a meeting of the directors or of a committee of the directors may consist of a conference between directors who are not all in one place, but of whom each is able (directly or by telephonic communication) to speak to each of the others, and to be heard by each of the others simultaneously; and the word "meeting" in these Articles and in Table A shall be construed accordingly.

## DIRECTORS POWERS

18. The Directors may exercise all the powers of the Company (whether express or implied):-
  - (a) of borrowing or securing the payment of money;
  - (b) of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts; and
  - (c) of mortgaging or charging the property assets and uncalled capital of the Company and (subject to Section 80 of the Act) of issuing debentures.
19. The Directors may (i) establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of, or shall have rendered services of any kind to, the Company or any company which is the holding company of a subsidiary of the Company or such holding company or is allied to or associated with the Company or with any such holding company or subsidiary or which was a predecessor in business of the Company or of any such other company as aforesaid or who are or were at any time Directors or officers of the Company or of any such other company as aforesaid or any person in whose welfare the Company or any such other company as aforesaid is or has been at any time interested and to or for the benefit of the wives, widows, families and dependants of any such persons, (ii) establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other Company as aforesaid or of any such persons as aforesaid, (iii) make payments for or towards the insurance of any such persons as aforesaid and (iv) subscribe or guarantee money for any charitable or benevolent objects or for any exhibition or for any public, general or useful object and may do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid; provided that the Directors shall not be entitled without the previous sanction of an Ordinary Resolution of

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the Company to exercise the powers conferred by this Article in favour of any person who is or was a director of the Company or of any such other company as aforesaid but who does not hold or has not held any salaried employment or office in the Company or in any such other company as aforesaid or in favour of the wife, widow, family or dependants of any such person.

INDEMNITY

20. Subject to the provisions of the Act but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director or other officer or auditor of the Company shall be indemnified out of the assets of the Company, and the Company may at its expense on behalf of the Directors and officers without the approval of any resolution of the members of the Company purchase and maintain insurance, against all costs, charges, losses, expenses and liabilities incurred by him in the execution of his duties or in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.