

Number of Company SC225690  
THE COMPANIES ACT 1985  
COMPANY LIMITED BY SHARES

## WRITTEN RESOLUTIONS

of the members of  
Simulistics Limited (the "Company")

WE, the undersigned, being all the Ordinary Shareholders of the Company for the time being entitled to attend and vote at General Meetings of the Company HEREBY RESOLVE that the following resolutions be passed by way of written resolutions, numbers 1 and 3 being passed as ordinary resolutions and number 2 being passed as a special resolution:-

1. Increase of the Authorised Share Capital

"That the share capital of the Company be and is hereby increased from £1000 divided into 1000 Ordinary Shares of £1 each to £1500 divided into 1500 Ordinary Shares of £1 each, such shares having the rights and being subject to the conditions attached to them respectively by the Articles of Association to be adopted pursuant to special resolution number 2 as set out below."

2. Adoption of New Articles of Association

"That the articles of association in the form annexed and signed by Dr Keith D R Winton for the purposes of identification be adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company."

3. Section 80 authority for private company

"That

- (a) the directors of the Company be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (as amended) (the "Act") to allot and issue such number of relevant securities (as defined in that section) and on such terms and conditions as they may in their discretion think fit subject always to the following conditions and to the articles of association of the Company:-
- (i) the maximum nominal amount of additional relevant securities to be allotted in pursuance of this authority shall be £1100
  - (ii) this authority shall expire, unless sooner revoked or altered by the Company in general meeting, within one month from the date of the passing of this resolution, and provided further that the Company may before the expiry of this authority make an offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired; and



- (b) all other authorities conferred on the directors prior to the date of passing of this resolution to allot relevant securities are hereby revoked."

A handwritten signature in black ink, appearing to read 'Keith D R Winton', written over a horizontal dotted line. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Dr Keith D R Winton for and on behalf of  
Edinburgh Technology Fund Limited

Date : 27 August 2002

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**ARTICLES OF ASSOCIATION  
OF  
SIMULISTICS LIMITED**

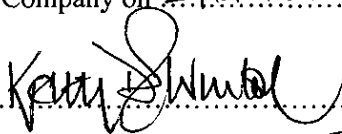
**adopted by Special Resolution  
passed on 27th AUGUST 2002**

Company number: SC225690

COMPANIES HOUSE

03/10/02

Certified a true copy of the Articles of Association of  
Simulistics Limited adopted by Special resolution of the  
Members of the Company on 27th AUGUST 2002

.....  
  
.....  
*Director*

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## THE COMPANIES ACT 1985

## PRIVATE COMPANY LIMITED BY SHARES

## ARTICLES OF ASSOCIATION

## OF

## SIMULISTICS LIMITED

(Company number: SC225690)

(adopted by Special Resolution passed on ..... 2002)

## 1. INTERPRETATION

1.1 In these Articles, unless the context requires otherwise, the following expressions shall have the following meanings:-

- “Act” means the Companies Act 1985 as amended or re-enacted from time to time;
- “Articles” means the Articles of Association of the Company for the time being in force;
- “Bad Leaver” means the cessation of employment or holding of office of Director other than by reason of:-
- (a) wrongful dismissal of the employee by the Company;
  - (b) the employee leaving employment for reasons of ill health or disability as certified to the Board's reasonable satisfaction by an independent doctor or where the death or long term illness or disability of a spouse, long term partner or child of the employee makes it reasonably necessary for the employee to provide care for himself or herself to that spouse, partner or child;
  - (c) the unfair dismissal of the employee;
  - (d) the dismissal of the employee by reason of redundancy;
  - (e) the death of the employee or the Director (as the case may be);
  - (f) the retirement of the employee at the normal retirement of 65 years of age (or such other age as is mutually agreed between the Company and the Director/employee);
  - (g) the removal of a Director and employee as Director in circumstances where simultaneous dismissal as an employee would fall within the categories in paragraph (c) above, or
  - (h) where such cessation occurs after the third anniversary of the date of commencement of employment or holding of office or of the date of adoption of these Articles (whichever is later), except where such cessation occurs in circumstances justifying summary dismissal of an employee (including without limitation gross misconduct or dishonesty);
- “Board” means the board of Directors of the Company for the time being;
- “the Company” means this Company;
- “Change of Control” means any person (other than ETF or a member of the Company as at the date of these Articles) acquiring a Controlling Interest;
- “Controlling Interest” means an interest (within the meaning of Part I of Schedule 13 to the Act) in any shares in the capital of the Company conferring in aggregate more than 50

	per cent of the total voting rights conferred by all the shares of the capital of the Company from time to time in issue and conferring the right to vote at all general meetings of the Company;
<b>"Employee Trust"</b>	Means any trust or trusts established by the Company or any subsidiary of the Company for the benefit of all or any of the employees or directors of the Company or any subsidiary of the Company;
<b>"ETF"</b>	means Edinburgh Technology Fund Limited, registered in Scotland under the company number SC92426 and having its registered office at Roslin BioCentre, Roslin, Midlothian EH25 9PS;
<b>"ETF Director"</b>	means a Director appointed by ETF pursuant to Article 20.3;
<b>"ETF Group"</b>	means ETF or any holding company or subsidiary thereof from time to time;
<b>"Exempt Allotment"</b>	shall mean any and/or all of the following : (1) allotment and issue of shares in the capital of the Company pursuant to the Investment Agreement and/or (2) any allotment and issue of shares in the capital of the Company pursuant to an exercise of a Share Option;
<b>"Expert"</b>	means an independent expert appointed by agreement between the members, or in the absence of such agreement appointed by the president for the time being of the Institute of Chartered Accounts of Scotland. The Expert's determination shall (save in case of fraud or manifest error) be final and binding on the parties;
<b>"Fair Value"</b>	means, in respect of shares, the fair market value of those shares as determined by an Expert. Fair Value shall be calculated as at the date of appointment of the Expert and shall be based upon the following assumptions:- (a) an arm's length sale between a willing vendor and a willing purchaser; (b) if the Company is carrying on as a going concern, on the assumption that it will continue to do so; (c) that the shares are capable of being transferred without restriction; (d) that no account is to be taken of the minority or majority interest of the shares in question.
<b>"Family"</b>	means, in relation to a member of the Company, any wife, widow, husband or widower, father or mother, brother or sister and children over the age of 18 years (whether natural or adopted) of the member of the Company himself or herself;
<b>"Flotation"</b>	means in relation to any of the issued share capital of the Company or any of its subsidiaries the admission of the same to the Official List of the London Stock Exchange or the grant of permission by the London Stock Exchange for the same to be dealt with on the Alternative Investment Market of the London Stock Exchange or on any recognised investment exchange (within the meaning of Section 207 of the Financial Services Act 1986);
<b>"Further Funding"</b>	means the issue of shares to any person not being a member of the Company as at the date of adoption of these Articles, other than to ETF or to any employee of the Company;
<b>"group company"</b>	means a company which is a subsidiary or holding company;
<b>"holder"</b>	in relation to shares means the member whose name is entered in the register of members as the holder of the shares;
<b>"holding company"</b>	has the meaning attributed to it in Section 736 of the Act;
<b>"Investment Agreement"</b>	Means the agreement relating to an investment in the Company made between the Managers, ETF and the University all as defined herein, executed by the Company on or around the date of the adoption of these Articles as amended, waived, restated, modified

- or supplemented from time to time;  
**"Managers"** Alastair Davies; Jonathan Massheder; Robert Muetzelfeldt; and Jasper Taylor  
**"officer"** means an officer of the Company and includes a Director, the Secretary or a Manager;  
**"Privileged Directors"** means Alastair Davies, Jonathan Massheder, Robert Muetzelfeldt and Jasper Taylor and such of them as shall be Directors of the Company from time to time;  
**"Share Option"** means an option to subscribe for shares either granted to the University pursuant to the option agreement entered into between the Company and the University of even date with the adoption of these Articles or an employee share option granted by the Company in favour of any employee pursuant to an employee share option scheme approved by ETF and the University in accordance with the Investment Agreement;  
**"subsidiary"** has the meaning attributed to it in Section 736 of the Act;  
**"Table A"** means Table A in the Schedule to the Companies (Tables A-F) Regulations 1985;  
**"Transfer Notice"** means a notice given or deemed to be given pursuant to Articles 12.1, 13.4 and 14.1 and a Transfer Notice shall include a Deemed Transfer Notice;  
**"Transfer Price"** means the price per share determined in accordance with Article 12.4;  
**"University"** means the University Court of the University of Edinburgh having its principal office at Old College, South Bridge, Edinburgh, EH8 9YL;  
**"University Director"** means a Director appointed by the University pursuant to Article 20.4; and  
**"University Group"** means the University or any holding company or subsidiary thereof from time to time.
- 1.2 Unless the context requires otherwise, the words or expressions contained in these Articles bear the same meaning as in the Act or, in the Companies Act 1989, but excluding any statutory modification thereof not in force on the date of adoption of these Articles.
- 1.3 In these Articles:
- 1.3.1 Article headings are included for convenience only and shall not affect the construction of these Articles.
- 1.3.2 Words denoting the singular shall include the plural and vice versa.
- 1.3.3 Words denoting one gender shall include each gender and all genders.
- 1.3.4 References to persons shall be deemed to include references to natural persons, to firms, to partnerships, to companies, to corporations, to associations, to organisations and to trusts (in each case whether or not having separate legal personality).

## 2. TABLE A

The Regulations contained in Table A shall apply to the Company except insofar as they are excluded by or are inconsistent with the Articles. References herein to "Regulations" are to Regulations in Table A.

## 3. REGULATIONS

- 3.1 Regulation 38 shall be modified by the addition of the words "General Meetings shall be held at the Company's normal place of business unless otherwise agreed by the holders of 75% in nominal value of the share capital in issue".
- 3.2 Regulation 37 relating to requisition by members of an extraordinary general meeting shall be amended by replacing the words "eight weeks" with the words "twenty one days".

## 4. AUTHORISED CAPITAL

The authorised share capital of the Company at the adoption of these Articles is £1500 divided into 1500 Ordinary Shares of £1.00 each (hereinafter referred to as the "Ordinary Shares"), having attached thereto the rights set out in these Articles.

## 5. INCOME

Subject to any restrictions on payment of dividends imposed by law, the profits of the Company available for distribution which may be determined to be distributed (hereinafter called "the available profits") in respect of any financial year or other financial period shall be distributed amongst the holders of the Ordinary Shares according to the amounts paid up or credited as paid up on each Ordinary Share held by each of them respectively.

## 6. CAPITAL

On a return of assets on liquidation, or otherwise, the surplus assets of the Company remaining after payment of its liabilities shall be distributed amongst the holders of the Ordinary Shares in proportion to the amounts paid up or credited as paid up on each Ordinary Share held by each of them respectively.

## 7. VOTING

- 7.1 The holders of the Ordinary Shares shall be entitled to one vote for each such share held.
- 7.2 Where a Transfer Notice has been served or is deemed to have been served by any member who was or is a Director or employee of the Company or any subsidiary of the Company or by a member of his Family, such holder of shares specified in such Transfer Notice shall not be entitled to attend any general meeting and the voting rights attached to the shares specified in such Transfer Notice shall be suspended with effect from the earlier of the date of the Transfer Notice and the date such Director or employee ceased to be a Director or employed by the Company or any of its subsidiaries and shall not be exercisable until such shares are registered in the name of the transferee in the Company's books.

## 8. CLASS RIGHTS

- 8.1 Whenever the capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated only with the consent in writing of the holders of 75% of the issued shares of that class. Without prejudice to the foregoing generality, the Company shall not, without the prior written consent of ETF and/or the University (for as long as ETF and/or the University, respectively, holds shares in the Company representing 5% or more of the issued share capital of the Company):-
- 8.1.1 make a change in its Memorandum or Articles of Association;
  - 8.1.2 give, vary, revoke or review any authority of the Directors of the Company to allot relevant securities pursuant to Section 80 of the Act;
  - 8.1.3 vary, add to or reduce or repay its issued or authorised share capital or loan capital (if any) or create or issue any warrants, options or other rights over or for conversion into share capital or generally carry out any form of financial or capital restructuring of the Company or capitalisation of profits, share premium account or reserves.
  - 8.1.4 voluntarily wind up or dissolve the company;
  - 8.1.5 put to any general meeting any resolution to voluntarily wind up or dissolve the company;
  - 8.1.6 enter into any compromise or arrangement to which the Act or the Insolvency Act 1986 applies;
  - 8.1.7 enter into any transaction arrangement or agreement with a Director or shareholder or an associate thereof or any person connected with any such Director or shareholder (and the term "connected" shall have the meaning ascribed to it by Section 839 of the Income and Corporation Taxes Act 1988);
  - 8.1.8 alter the accounting reference date or the registered office of the Company;
  - 8.1.9 merge, consolidate or sell the Company or a substantial part of its assets such as might reasonably be expected to reduce the value of the shares of the Company;
  - 8.1.10 make any proposal for a purchase by the company of its own shares.
- 8.2 For the purposes of Article 8.1, the term "ETF" shall include any member of the ETF Group from time to time holding shares in the Company and the special rights of ETF set out in Article 8.1 shall constitute class rights attaching to the shares held by the members of the ETF Group.
- 8.3 For the purposes of Article 8.1, the term "University" shall include any member of the University Group from time to time holding shares in the Company and the special





rights of the University set out in Article 8.1 shall constitute class rights attaching to the shares held by the members of the University Group.

## 9. FURTHER ISSUES OF SHARES

Save in the case of an Exempt Allotment but, notwithstanding any other provisions of these Articles, before issuing, or offering to issue Ordinary shares to any other party, the Directors shall be bound to first offer to each member for the time being holding Ordinary Shares forming part of the issued share capital of the Company such a proportion of any Ordinary Shares forming part of the share capital of the Company which the Directors determine to issue, as the aggregate nominal value of the Ordinary Shares in the share capital of the Company for the time being held by such member bears to the total issued Ordinary Share capital of the Company immediately prior to the issue of further Ordinary Shares.

## 10. TRANSFERS OF SHARES

- 10.1 No member shall dispose of any share except:-
- 10.1.1 as permitted by and in accordance with Article 11 (procedure on transfer) or Article 12 (permitted transfers) or Article 14 (transfer of control);
  - 10.1.2 as required by Article 13 (compulsory transfers) or under any other obligation under these Articles;
- (but subject always to the restrictions contained in Article 10.3 below) and the Directors shall decline to register any transfer not made in accordance with the provisions of these Articles or of any share on which the Company has a lien.
- 10.2 Reference in Article 10.1 to disposing of shares shall include disposing of any interest in or right attaching to any share or renouncing or assigning any right to receive or subscribe for any shares or creating or permitting to exist any charge, lien, encumbrance or trust over any share or agreeing to do any such thing.
- 10.3 No share shall in any circumstance be issued or transferred to any minor, bankrupt or person of unsound mind.

## 11. PROCEDURE ON TRANSFER

- 11.1 A member ("Transferor") proposing to transfer his shares or any of them shall give notice in writing (a "Transfer Notice") to the Company specifying the number of shares which he desires to transfer, the price at which he proposes to transfer the shares ("Suggested Price") and the name of any third party to whom he proposes to sell or transfer the shares. Where a Transfer Notice is deemed to have been given pursuant to Article 13 (compulsory transfers) or otherwise, it is referred to as a Deemed Transfer Notice. Transfer Notices and Deemed Transfer Notices shall constitute the Company as the Transferor's agent for the sale of the shares specified therein ("the Sale Shares") at the Transfer Price calculated in accordance with Article 11.4.
- 11.2 A Transferor (except a Transferor under a Deemed Transfer Notice) shall be entitled to state in the Transfer Notice a provision that unless all the shares comprised therein are sold, none shall be sold ("Total Transfer Condition").
- 11.3 Within seven days after receipt of any Transfer Notice or as soon as reasonably possible after becoming aware of the Deemed Transfer Notice, the Directors shall serve notice on all the members specifying:-
- 11.3.1 in the case of a Transfer Notice which is not a Deemed Transfer Notice – the number of Sale Shares, the Suggested Price and the proposed transferee (if applicable);
  - 11.3.2 in the case of a Deemed Transfer Notice – the number of Sale Shares.
- 11.4 The Transfer Price shall be determined as follows:-
- 11.4.1 where the Transfer Notice is not a Deemed Transfer Notice, the Transfer Price for the Sale Shares shall be the Suggested Price (unless otherwise agreed between all the members of the Company within 14 days of the date of the notice served by the Directors under Article 11.3).
  - 11.4.2 Where the Transfer is a Deemed Transfer Notice, the Transfer Price for the Sale Shares shall be as agreed between all the members of the Company or, failing agreement within 14 days of the date of the notice served by the Directors under Article 11.3, as calculated in accordance with Article 13.2.
- 11.5 Within seven days of the determination of the Transfer Price pursuant to Article 11.4, the Directors shall by notice in writing ("Offer Notice"):
- 11.5.1 inform the members (including the Transferor) of the Transfer Price;
  - 11.5.2 offer the Sale of Shares to the members (other than the Transferor in proportion as nearly as may be to the respective numbers of Ordinary Shares held by such members;

- 11.5.3 state the period (being not less than 14 days) within which the offer, if not accepted, will be deemed to be declined;
- 11.5.4 state whether or not the Transfer Notice contained a Total Transfer Condition;
- 11.5.5 state that each member may offer to subscribe for any number of Sale Shares (over and above that member's proportionate entitlement) that are offered to but not accepted by the other members.
- 11.6 After the expiry of the period for acceptance referred to in Article 11.5.3, the Directors shall allocate the Sale Shares in the following manner:-
  - 11.6.1 to each member who has agreed to purchase shares ("Applicant") in proportion to the number of shares held by him or such lesser number of Sale Shares as he may have applied for;
  - 11.6.2 if any Applicant has applied for less than his proportionate entitlement, the excess shall be allocated to Applicants who have applied for all or any part of such excess in proportion to the number of shares then held by them provided always that no Applicant shall be allocated more Sale Shares than such member applied for.
- 11.7 If, by the foregoing procedure, the Directors shall not have received acceptances from members in respect of all the Sale Shares within the period for acceptance as aforesaid, the Directors shall offer such shares, to all the other holders of Ordinary Shares (other than the Transferor) in proportion as nearly as may be to the respective number of Ordinary Shares held by such members,  
and the offer notice shall be in like terms to the Offer Notice referred to in Article 11.5 (other than with regard to 11.5.2) and after the expiry of the period for acceptance the Directors shall allocate the Sale Shares in accordance with the provisions of Article 11.6.
- 11.8 If the Transfer Notice contains a Total Transfer Condition, where acceptances have not been received in respect of all the Sale Shares pursuant to the foregoing procedure, all the members shall be deemed to have declined the Sale Shares.
- 11.9 The Directors shall forthwith upon the expiry of the relevant period(s) in Articles 11.6 and 11.7 give notice ("Allocation Notice") to the Transferor and to each of the Applicants of the allocation of Sale Shares in accordance with those Articles, specifying the numbers of Sale Shares allocated to each Applicant and the place and the time (being not later than seven days after the Allocation Notice) at which each of the parties shall be bound to complete the sale and purchase of such Sale Shares. The Transferor shall be bound, upon receipt of the payment of the Transfer Price in respect of each Sale Share, to transfer the Sale Shares comprised in the Allocation Notice to the Applicant named therein at the time and place specified therein.
- 11.10 If the Transferor defaults in transferring the Sale Shares:
  - 11.10.1 the Chairman for the time being of the Company or failing him one of the Directors or some other person duly nominated by the Board for that purpose shall be deemed to be the duly appointed attorney of the Transferor with full power to execute, complete and deliver in the name of and on behalf of the Transferor, a transfer of the relevant Sale Shares to the Applicant;
  - 11.10.2 the Directors may receive and give good discharge for the Transfer Price on behalf of the Transferor and (subject to the transfer being duly stamped) enter the name of the Applicant in the Register of Members as the holder by transfer of the Relevant Shares;
  - 11.10.3 the Directors shall forthwith pay the Transfer Price into a separate bank account in the Company's name and if and when the Transferor shall deliver up his certificate(s) for the relevant Sale Shares to the Company (or an appropriate indemnity in respect of lost certificates) then he shall be paid the Transfer Price (without interest and less any sums owed to the Company by the Transferor pursuant to these Articles or otherwise);
  - 11.10.4 if such certificate includes any shares which the Transferor has not become bound to transfer as aforesaid, the Company shall issue to him a balance certificate of such shares.
- 11.11 If by the foregoing transfer procedure, not all the Sale Shares have been allocated to Applicants, then the Transferor shall be entitled within a period of six months after the date of the Allocation Notice:-
  - 11.11.1 where the Transfer Notice contained a Total Transfer Condition, to sell all (but not some only) of the Sale Shares to any person (whether or not a member) at a price which is not less than the Transfer Price (after deducting, where appropriate, the amount of net dividend or any other distribution to be retained by the Transferor);
  - 11.11.2 where the Transfer Notice did not contain any Total Transfer Condition, to sell to any person (whether or not a member) any or all of the Sale Shares for which acceptances were not received from the members pursuant to the

foregoing transfer procedure at any price which is not less than the Transfer Price (after deducting, where appropriate, the amount of any net dividend or other distribution to be retained by the Transferor);

11.11.3 and the Directors shall register the transfers pursuant to a sale under article 11.11.1 or 11.11.2 above.

11.12 The provisions of this Article 11 may be waived on a case by case basis by the written consent of all the members.

## 12. PERMITTED TRANSFERS

12.1 A member being an individual may at any time transfer any or all of the shares held by him to a member of his Family without restriction as to price or otherwise and the directors shall register any such transfer.

12.2 A member being a corporate entity may at any time transfer any or all of the shares held by it to a group company without restriction as to price or otherwise and the directors shall register any such transfer.

12.3 An Employee Trust may at any time transfer any or all of the shares held by it to a beneficiary under such Employee Trust.

12.4 An employee of the Company or any subsidiary of the Company may at any time transfer any or all of the shares held by him to an Employee Trust.

12.5 In the event that a permitted transfer has occurred pursuant to the provisions of this Article 12 and the transferor is subsequently deemed to have served a Transfer Notice under the provisions of Article 13 (compulsory transfers), any such transferred shares held by a Family member or group company of the transferor shall be subject to the provisions of Article 13 as if they still constituted part of the transferor's holding.

12.6 In the event that a person ceases to qualify as Family or any company ceases to qualify as a group company, the shares shall be transferred back to the person who transferred them or to any other person falling within the required relationship under Article 12.1 or 12.2 and if the holder of such shares fails to transfer the shares in those circumstances, such holder shall be deemed to have served a Transfer Notice indicating that he wishes to transfer all of the shares in the Company and shall be deemed to have constituted the Company as the agent for the sale of such shares in accordance with the provisions of Article 11 (procedure on transfer) at the Transfer Price determined in accordance with Article 11.4.2.

12.7 The Directors may require to be satisfied in such manner as they may reasonably require that a particular transfer of shares is permitted under these Articles and require the transferring member or person named as the transferee in a transfer lodged for registration to furnish the Directors with such information and evidence as they may think reasonably necessary or relevant, and failing such information or evidence being furnished within a period of 28 days after such request, the Directors shall be free to refuse to register such transfer.

12.8 Notwithstanding any other provisions of these Articles, a transfer of shares in the Company held by any member of the University Group may be made between the member of the University Group holding such shares and any other member of the University Group without restriction as to price or otherwise and the directors shall register any such transfer.

## 13. COMPULSORY TRANSFERS

13.1 Where any of the following events occurs in relation to a member, director and/or employee, the member, director and/or employee in question and each member of his Family to whom any shares have been transferred shall be deemed to have immediately given a Transfer Notice in respect of all the shares as then registered in the name of such member (and each member of his Family) and the provisions of Article 13 regarding Deemed Transfer Notices shall apply:-

13.1.1 In relation to a member being an individual:-

- (a) such member is adjudicated bankrupt; or
- (b) such member is suffering from a mental disorder as referred to in paragraph (c) of Regulation 81; or
- (c) subject to the provisions of Article 13.7 such member ceases to be a Director and/or employee of the Company or of any group company of the Company;
- (d) subject to the provisions of Article 13.7 any director and/or employee (members of whose Family are members of the Company) ceases to be a director and/or employee of the Company or of any group company of the Company.

13.1.2 In relation to a member being a body corporate:-

- (a) a receiver, manager or administrative receiver is appointed in respect of such member or over all or any part of its undertaking or its assets; or
  - (b) such member enters into liquidation (other than a voluntary liquidation for the purposes of a bona fide scheme of solvent amalgamation or reconstruction); or
  - (c) such member ceases to be controlled (as defined by Section 416 of the Income and Corporation taxes Act 1988) by the person(s) who controlled such member on the date on which it became the member of the Company or the date of adoption of these Articles (whichever is later).
- 13.2 The Transfer Price applicable to the transfers under Article 13.1 shall be calculated as follows:-
  - 13.2.1 where the event giving rise to the Deemed Transfer Notice is the event referred to in Article 13.1.1(c) and such member is a Bad Leaver, the Transfer Price shall be the lower of (i) par value of the shares and (ii) the Fair Value.
  - 13.2.2 in all other circumstances, the Transfer Price shall be Fair Value.
- 13.3 Any obligation to transfer a share under the provisions of this Article 13 shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such share free from any lien, charge or other encumbrance.
- 13.4 The provisions of this Article 13 may be waived in whole or in part in any particular case with the prior written consent of all the members.
- 13.5 If, following the occurrence of any of the events set out in clauses 13.1.1 or 13.1.2 the member, director or employee in question or any member of his Family exercises any Share Option as a result of which he acquires shares in the capital of the Company (the "Option Shares") such member, director or employee (or member of his Family (as appropriate)) shall be deemed to have immediately given a Transfer Notice in respect of the Option Shares and the provisions of Article 13 regarding Deemed Transfer Notices shall apply *mutatis mutandis* in relation to such transfers.
- 13.6 Other than as set out in the foregoing provisions of this Article 13, any Deemed Transfer Notice served shall be offered to the members of the Company and the Employee Trust in accordance with the provisions of Article 12 and the provisions of Article 12 shall apply *mutatis mutandis* in relation to such transfers.
- 13.7 Notwithstanding the foregoing provisions of this Article 13, in the event that any Privileged Director who is also a member of the Company ceases to be a director or employee of the Company, a Transfer Notice shall only be deemed to have been served pursuant to Article 13 in respect of the shares held by the Privileged Director (and members of his Family) as follows:
  - 13.7.1 if he ceases to be a director or employee within twelve months of an allotment of shares, 75% of the shares then allotted;
  - 13.7.2 if he ceases to be a director or employee within twenty-four months of an allotment of shares, 50% of the shares then allotted;
  - 13.7.3 if he ceases to be a director or employee within thirty six months of an allotment of shares, 25% of the shares then allotted; and
  - 13.7.4 if he ceases to be a director or employee at any time thereafter, no Transfer Notice will be deemed to be served in respect of his shares.
- 13.8 The date of such deemed Transfer Notice in respect of a privileged Directors shares (or any part of them) shall be the date of his ceasing to be a director or employee. The Transfer Price applicable to any transfers pursuant to Article 13.7 shall be calculated as follows. The relevant Privileged Director shall be considered to be a good leaver unless the reason for his ceasing to be a director or employee of the Company is his dismissal by the Board in circumstances justifying summary dismissal of the director or employee (including, without limitation, gross misconduct or dishonesty or personal impropriety) or in such other circumstances as the Board resolve that such director or employee should be a "Bad Leaver". The Transfer Price applying to such transfers shall, if the Privileged Director is not a Bad Leaver, be the higher of the subscription price paid for the shares and their fair value and if such Privileged Director is a Bad Leaver, the transfer Price shall be the subscription price paid for the shares.
- 13.9 Articles 13.1 to 13.6 inclusive and the Articles of Association will apply to any shares held by Privileged Directors and members of their Families.

#### 14. TRANSFER OF CONTROL

- 14.1 No sale or transfer of any share conferring the right to vote at general meetings of the Company shall be made or registered without the prior consent in writing of each of ETF and the University, for as long as they remain a shareholder of the Company, if it would result in a Controlling Interest in the Company being obtained by a

company in which one or more of the members of the Company (or person acting in concert with them) has a Controlling Interest.

- 14.2 No sale or transfer of any share (the "Specified Shares") conferring the right to vote at general meetings of the Company shall be made or registered without the prior consent in writing of each of ETF and the University, for as long as they remain a shareholder of the Company, if it would result in a person or persons (other than the members who are registered as holders of shares in the Company as at the date of adoption of these Articles) obtaining direct or indirect control of a Controlling Interest unless before the transfer is lodged for registration, the proposed transferee has offered to purchase all of the shares of the Company from time to time held by each of ETF and the University at the Specified Price as hereinafter defined.
- 14.3 For the purposes of Article 14.2, the "Specified Price" shall mean a price per share at least equal to that offered by the proposed transferee or transferees for the Specified Shares together with all accruals or arrears of dividend or interest thereon together with an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the Specified Shares which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for the Specified Shares. In the event of a disagreement about the calculation of the Specified Price, the disagreement shall be referred to an Expert. The costs of the Expert shall be borne by the Company in the event that no transfer subsequently occurs or shall be shared between the transferee and ETF in the event that the transfer does subsequently occur, unless decided otherwise at the sole discretion of the Expert;
- 14.4 Following agreement on the Specified Price, the transferee shall serve a written notice on each of ETF and the University offering to purchase their shares at the relevant Specified Price. The offer shall remain open for acceptance before 30 days from the date of service. Other than as expressly provided for herein, the purchase of any shares pursuant to this Article 14 shall be on the same terms and conditions as the purchase of the Specified Shares. The purchase of the Specified Shares and the purchase of any other shares pursuant to this Article 14 shall be completed simultaneously.
- 14.5 For the purposes of Articles 14.1 and 14.2:
- 14.5.1 the expressions "transfer" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment or renounceable share certificate and the original allottee and the renounee under any such letter of allotment or certificate;
- 14.5.2 the term "ETF" shall include any member of the ETF Group from time to time holding shares in the Company.
- 14.5.3 the term "University" shall include any member of the University Group from time to time holding shares in the Company.

## 15. LIEN

The lien conferred by Regulation 8 shall attach also to fully paid up shares and the Company shall also have a first and paramount lien on all shares, whether fully paid up or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all monies presently payable by him or his estate to the Company. Furthermore, such lien shall extend to all amounts payable in respect of a share. The Directors may at any time declare any share to be wholly or partially exempt from the provisions of this Article.

## 16. CALLS

The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of Regulation 18 of the words "and all expenses that may have been incurred by the Company by reason of non-payment of the call".

## 17. PROCEEDINGS AT GENERAL MEETINGS

- 17.1 No business shall be transacted at any meeting of the members of the Company unless a quorum is present at the time when the meeting proceeds to business.
- 17.2 Two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum. Regulation 40 shall not apply.
- 17.3 If a quorum is not present within half an hour of the time appointed for a General Meeting, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week, at the same time and place (or to such other date and at such other time and place as all the members may agree in writing). If at such adjourned meeting, a quorum is not

present within half an hour from the time appointed for the meeting, any two members present in person or by proxy shall be quorum. Regulation 41 shall not apply.

- 17.4 A poll may be demanded at any General Meeting by any member present in person or by proxy and entitled to vote. Regulation 46 shall be modified accordingly.
- 17.5 An instrument appointing a proxy may, in the case of a corporation, be signed on its behalf by a Director or the secretary thereof or by its duly appointed attorney or duly authorised representative.
- 17.6 The Chairman of a General Meeting shall not be entitled to a second or casting vote. Regulation 50 shall not apply.
- 17.7 On a show of hands or on a poll, votes may be given either personally or by proxy.

## 18. NUMBER OF DIRECTORS

Unless otherwise determined by Ordinary Resolution, the number of Directors (other than alternate Directors) shall be at least two and not be more than six.

## 19. ALTERNATE DIRECTORS

- 19.1 A Director (other than an alternate Director) may appoint any person to be alternate Director and may remove from office an alternate Director appointed by him.
- 19.2 When an alternate Director is also a Director or acts as an alternate Director for more than one Director, he shall have one vote for every Director represented by him (in addition to his own vote if he is himself a Director) but he shall count only as one for the purpose of determining whether a quorum is present.

## 20. APPOINTMENT AND RETIREMENT OF DIRECTORS

- 20.1 The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director (but not to fill the vacancy of any ETF Director).
- 20.2 In addition, the holders of more than 50% of the shares which carry the rights to attend and vote at general meetings of the Company may by notice to the Company appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director (but not to fill the vacancy of any ETF Director) and such right to appoint shall carry the corresponding right to remove the Director so appointed.
- 20.3 Notwithstanding any other provisions of these Articles (including any limitation on the number of Directors), so long as ETF is the holder of at least 5% of the shares in the Company, it shall be entitled to appoint a Director to the Company ("ETF Director"). The right to appoint any such ETF Director shall carry the corresponding right to remove such appointee and appoint another person in his place. The appointment and removal of the ETF Director shall, unless otherwise agreed between ETF and the Company, be effected by a notice or notices in writing signed on behalf of ETF and given to the Company at its registered office and shall take effect forthwith upon receipt.
- 20.4 Upon the request of ETF, the Company shall also procure that the ETF Director be appointed a Director to any subsidiary of the Company.
- 20.5 For the purposes of Articles 20.3 and 20.4, the term "ETF" shall include such members of the ETF Group from time to time holding shares in the Company.
- 20.6 Directors are not subject to retirement by rotation.
- 20.7 No Director shall be appointed otherwise than as provided in these Articles.
- 20.8 There is no age limit for Directors of the Company.
- 20.9 A Director is not required to hold any qualifying shares in the Company.

## 21. DISQUALIFICATION AND REMOVAL OF DIRECTORS

Regulation 81 shall be modified by deleting paragraph (e) thereof. The office of a Director shall also be vacated if he shall be removed from office as hereinbefore provided.

## 22. PROCEEDINGS OF DIRECTORS

- 22.1 The Chairman of any meeting of the Directors or any Committee of the Directors shall not be entitled to a second or casting vote. Regulation 88 shall be modified accordingly.
- 22.2 Subject to Article 22.3, the quorum for the transaction of business of the Directors may be fixed by the Directors and unless so fixed at any other number shall be 2 Directors.
- 22.3 The requirements of quorum shall not be fulfilled at any meeting of the board of Directors at which the business to be transacted falls within the categories set out in



Article 9 unless the ETF Director is present and at such meeting the ETF Director shall be entitled to such number of votes as shall constitute a majority on the board, provided that if the ETF Director shall not be present but shall have prior to the relevant meeting deposited a written notice consenting to the meeting being held in his absence then the quorum for such meeting shall be any two Directors.

22.4 A Director may participate in a meeting of the Board of Directors or of a committee of the Board by means of conference telephone or similar communications equipment whereby all the Directors participating in the meeting can hear each other, and the Directors participating in a meeting in this manner shall be deemed to be present in person at such meeting.

22.5 Subject to disclosure in accordance with Section 317 of the Act, a Director shall be entitled to vote at a meeting of Directors or of a Committee of Directors on any resolution concerning any matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company.

## 23. BORROWING POWERS

23.1 The Directors may exercise all the powers of the Company to borrow money without limit as to amount and in such manner as they think fit.

23.2 The Directors may grant security for all or for any sum or sums borrowed or to be borrowed, or for which the Company is or may be liable, and by way of such security may dispose, mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company including any uncalled capital, if any, or may dispose, transfer or convey the same absolutely or in trust and may give lenders or creditors power of sale and other usual and necessary powers, and may grant other securities for any debt, liability or obligation of the Company or of any third party.

## 24. COMPANY SEAL

In Regulation 6, the words "or executed in accordance with Section 36B of the Act" shall be inserted after the words "sealed with the seal".

## 25. NOTICES

Any notice required to be given by the Company by these Articles may be given by any visible form on paper, including telex, fax and electronic mail. A notice communicated by immediate transmission shall be deemed to be given at the time it is transmitted to the person to whom it is addressed. Regulations 111 and 112 shall be amended accordingly.

## 26. INDEMNITY

26.1 Subject to the provisions of the Act but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director, Secretary, Auditor or other officer of the Company is entitled to be indemnified by the Company against all losses and liabilities sustained or incurred by him in the execution of his duties or in the exercise of his powers or otherwise in connection with his office, including any liability incurred by him (a) in defending proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or which are otherwise disposed of without any finding or admission of any material breach of duty on his part, or (b) in connection with any application in which relief is granted to him by the Court from liability in respect of any act or omission done or alleged to be done by him as an officer or employee of the Company.

26.2 The Company shall be entitled to purchase and maintain for the benefit of any officer or auditor of the Company insurance in respect of any liability of the kind referred to in section 310 of the Act.

## 27. APPROVALS

27.1 Where the approval, agreement or consent of any member or Director is required under any provision of these Articles to any particular matter, such approval, agreement or consent may be given subject to such terms and conditions as that member or Director may require and any breach of such terms and conditions shall *ipso facto* be deemed to be a breach of these Articles.