

3012148

**THE COMPANIES ACTS 1985 AND 1989**

**COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

of

**CHANNEL 5 BROADCASTING LIMITED**  
(to be re-registered as Channel 5 Television Group Limited)

(adopted by Written Resolution  
passed on 8th March, 1996)

Travers Smith Braithwaite  
10 Snow Hill  
London EC1A 2AL

Tel: 0171-248 9133



**THE COMPANIES ACTS 1985 AND 1989**

---

**COMPANY LIMITED BY SHARES**

---

**ARTICLES OF ASSOCIATION**

of

**CHANNEL 5 BROADCASTING LIMITED**  
(to be re-registered as Channel 5 Television Group Limited)

(adopted by Written Resolution  
passed on 8th March, 1996)

---

**INTERPRETATION**

**Exclusion of Table A**

- 1.1 No regulations set out in any statute, or in any statutory instrument or other subordinate legislation made under any statute, concerning companies shall apply as the regulations or Articles of the Company, unless expressly referred to herein.

**Definitions**

- 1.2 In these Articles unless the context otherwise requires:-

"**the Act**" means the Companies Act 1985 as in force at the date of adoption of these Articles and including any statutory modification or re-enactment thereof for the time being in force;

"**Approved Ventures Transferee**" means any trust formed on the solvent liquidation of Ventures where such trust is controlled directly or indirectly by Warburg, Pincus & Co. or E M Warburg, Pincus & Co. and any other entity or association or trust which, for any reason, becomes the legal successor to Ventures, provided that such successor is controlled directly or indirectly by Warburg, Pincus & Co or E M Warburg, Pincus & Co or any corporate entity into which either of them has become or been dissolved, or by which either of them has been succeeded; and the expression "a member of the same Group" shall, in relation to Ventures, mean any Approved Ventures Transferee;

"**the auditors**" means the auditors for the time being of the Company or, in the case of joint auditors, any one of them;

**"the Board"** means the board of directors from time to time of the Company acting by the directors present at a meeting of the directors at which a quorum is present;

**"the Broadcasting Act"** means the Broadcasting Act 1990 as amended, consolidated or re-enacted from time to time and any other legislation enacted in or which has force in the United Kingdom in the future which directly or indirectly restricts the category or categories of persons who may hold shares or other interests in the Company and, where the context permits, shall include reference to all secondary legislation made thereunder and all codes, requirements, directions and guidelines imposed on the Company under the Licence, issued or made by the ITC from time to time thereunder;

**"Business Day"** means a weekday (not including Saturday) on which banks are open for normal business in England;

**"clear days"** in relation to the period of a notice means that period excluding the day when the notice is served or deemed to be served and the day for which it is given or on which it is to take effect;

**"Commencement Date"** means 8th March 1996;

**"company"** includes any body corporate;

**"the Company"** means Channel Five Broadcasting Limited;

**"Deferred Shares"** means deferred shares of 1p each in the capital of the Company;

**"the Executive Directors"** means the persons appointed as executive directors of the Company from time to time in accordance with Article 17.5;

**"Funding Commitment"** means in relation to any holder of Ordinary Shares his entire liability (whether conditional or unconditional) to subscribe Shares or Loan Stock pursuant to the Shareholders' Agreement;

**"Group"** means, in relation to any company that company and any body corporate that is a holding company or subsidiary of that company or other subsidiary of any such holding company and, for the purposes of this definition, an unincorporated association (other than Ventures) shall be deemed to be a body corporate;

**"Independent Producer"** means an independent producer as defined in Article 3(4) of the Broadcasting (Independent Productions) Order 1991;

**"ITC"** means the Independent Television Commission established under the Broadcasting Act and any successor thereto;

**"the Licence"** means the licence granted by the ITC to the Company pursuant to Section 28 of the Broadcasting Act to provide the Channel 5 service or (where the context requires) the Licence held or applied for from time to time by the Company

to provide the Channel 5 service;

**"Licence Event"** means any of the following events:-

(a) the ITC revoking the Licence or, in a manner which has or is reasonably likely to have a material adverse effect on the Company or the business of the Company, reducing the period of the Licence; or

(b) the ITC varying the terms of the Licence which variation has or is likely to have a material adverse effect on the Company or the business of the Company; or

(c) the ITC declining to renew the Licence on terms and conditions reasonably acceptable to the Company; or

(d) a relevant change (as defined in sub-section 5(7) of the Broadcasting Act taking place in relation to the Company and the ITC indicating that it unconditionally intends to take action of the type described in paragraphs (a), (b), (c) or (f) of this definition against the Company as a result thereof; or

(e) the Company becoming a Disqualified Person pursuant to and within the meaning of Schedule II of the Broadcasting Act; or

(f) the ITC imposing a material financial penalty on the Company pursuant to the Broadcasting Act.

**"Loan Stock"** means the loan stock to be issued by the Company in accordance with the Shareholders' Agreement;

**"Members"** means the Shareholders from time to time in the Company;

**"the office"** means the registered office of the Company;

**"Ordinary Shares"** means ordinary shares of 1p each in the capital of the Company;

**"Voting Ordinary Shares"** means those Ordinary Shares which for the time being carry the right to vote at general meetings of the Company and **"Non-Voting Ordinary Shares"** means those Ordinary Shares which do not, in each case in accordance with these Articles and the Shareholders' Agreement;

**"paid up"** means paid up or credited as paid up;

**"Pearson"** means Pearson Television Limited;

**"Permitted Transferee"** shall bear the meaning ascribed thereto in Article 9.1.2;

**"Preference Shares"** means 2 per cent cumulative, redeemable preference shares of 1p each in the capital of the Company;

**"the register"** means the register of Shareholders of the Company;

**"Relevant Person"** shall bear the meaning ascribed thereto in Article 10.1;

**"Restricted Period"** means the period beginning with the date of award of the Licence and ending on the first anniversary of the Licence coming into force;

**"the Shareholder"** in relation to any Shares means the member whose name is entered in the register as the holder of those Shares and **"the Shareholders"** means the Shareholders from time to time in the Company;

**"seal"** means the common seal of the Company or any official seal that the Company may be permitted to have under the Companies Acts;

**"the secretary"** means the person appointed secretary of the Company from time to time;

**"the Shareholders Agreement"** means any agreement from time to time among holders of Ordinary Shares in the Company;

**"the Shareholder Directors"** means the directors of the Company appointed by the Shareholders from time to time in accordance with Article 17.3;

**"Shares"** means shares in the capital of the Company;

**"Stapled"** means in relation to any Ordinary Shares that nominal amount of Deferred Shares or Loan Stock (if any and as the case may be) held by that holder and members of its Group which bears the same proportion to the total nominal amount of Deferred Shares or Loan Stock (as the case may be) held by such holder and members of its Group as the Ordinary Shares in question bear to the total number of Ordinary Shares held by that holder and members of its Group;

**"subsidiary", "subsidiary undertaking", "holding company", "group undertaking", "parent undertaking" and "wholly owned subsidiary"** shall each have the meaning ascribed thereto by the Act;

**"Transfer Notice"** shall bear the meaning ascribed thereto in Article 9.3.2;

**"Unit"** means an Ordinary Share together with such nominal amount (if any) of Deferred Shares and/or Loan Stock (to the nearest whole £1 nominal) as is, at the time in question, Stapled in relation to that Share;

**"Ventures"** means Warburg, Pincus Ventures, L.P;

references to a person or persons controlling a body corporate shall be construed in accordance with paragraph 1(3) of Part I of Schedule 2 of the Broadcasting Act;

references to a document being executed include references to its being executed (and, where applicable, delivered) under hand or under seal or as a deed or by any other method;

references to writing including references to any method of representing or reproducing words in a legible and non-transitory form;

words or expressions to which a particular meaning is given by the Act in force when these Articles or any part of these Articles are adopted bear (save as otherwise provided in these Articles) the same meaning in these Articles or that part (as the case may be);

references to a meeting shall not be taken as requiring more than one person to be present if any quorum requirement can be satisfied by one person;

references to statutes, bye-laws, regulations and delegated legislation shall include any statute, bye-law, regulation or delegated legislation (whether made before or after the date of adoption of these Articles) modifying, re-enacting, extending or made pursuant to the same or pursuant to which the same is made;

headings are included only for convenience and shall not affect meaning; and

for the purpose of determining whether a Shareholder holds 15 per cent or more of the Voting Ordinary Shares, members of the same Group shall be deemed to be a single Shareholder holding all the Voting Ordinary Shares held by such members. Furthermore, provided that Pearson shall subscribe for Voting Ordinary Shares in accordance with the terms of this Agreement, and as a result holds more than 14 per cent but less than 15 per cent thereof it shall nevertheless be deemed to have a holding of 15 per cent of the Voting Ordinary Shares for the purposes of these Articles provided neither it nor any member of its Group has disposed of any such Shares.

### **AUTHORISED SHARE CAPITAL**

2.1.1 The authorised share capital of the Company at the date of adoption of these Articles is £1,000 divided into 59,000 Ordinary Shares, 1,000 Deferred Shares and 40,000 Preference Shares.

2.1.2 The rights attaching to the Preference Shares are as follows:-

- (a) *As regards income* - the holders of the Preference Shares shall be entitled to a fixed cumulative preferential dividend at the rate of 2% per annum on the capital for the time being paid up thereon to be paid on 31st December in each year in respect of the year ended on that date (or, in the case of Preference Shares allotted during the year preceding such payment date, in respect of the period commencing on the date of allotment of the Preference Shares and ending on that date and therefore in respect of the year ended on that date). The Preference Shares shall not entitle the holders thereof to any further or other right of participation in the profits of the Company.
- (b) *As regards capital* - on a return of capital on liquidation the assets of the Company available for distribution among the members shall be applied in repaying to the

holders of the Preference Shares the amounts paid up on such shares together with a sum equal to any arrears and accruals of the fixed dividend thereon to be calculated down to the date of return of capital. The Preference Shares shall not entitle the holders thereof to any further or other right of participation in the assets of the Company.

- (c) *As regards voting* - the Preference Shares shall not entitle the holders to vote upon any resolution or to receive notice of or to attend at any general meeting of the Company.
- (d) *As regards redemption* - the Company may (unless such redemption would result in any person becoming a Relevant Person or would cause, or be reasonably likely to cause, a Licence Event, or (save with the prior consent in writing of Pearson) would cause Pearson or any member of its Group to cease to be an Independent Producer), upon giving at least 30 days' notice in writing to the holders of the Preference Shares redeem all or any of the Preference Shares and the amount payable on redemption shall be the amount paid up thereon together with an amount equal to any accrued but unpaid fixed dividend thereon to be calculated up to and including the date fixed for redemption. Any such notice shall specify the place at which the certificate for such shares are to be presented for redemption and upon such date each of the holders of the shares concerned shall be bound to deliver to the Company at such place the certificates for those shares. At the time fixed for redemption of any of the Preference Shares the fixed dividend shall cease to accrue on such shares.
- (e) *As regards transfer* - Preference Shares may only be transferred to a person who is a holder of Ordinary Shares and the Board shall decline to register any other transfer.

2.1.3 The rights attaching to the Deferred Shares are as follows:-

- (a) *As regards income* - the Deferred Shares shall not entitle the holders to any right of participation in the profits of the Company;
- (b) *As regards capital* - on a return of capital on liquidation the assets of the Company shall be applied in repaying to the holders of the Deferred Shares the amounts paid up on such shares together with an amount of £1.00 per share, but only after £150,000 has been paid on a return of capital on liquidation in respect of each Ordinary Share;
- (c) *As regards voting* - the Deferred Shares shall not entitle the holders to vote upon any resolution or to receive notice of or attend at any general meeting of the Company.
- (d) *As regards transfer* - the Deferred Shares may only be transferred in conjunction with a transfer of Ordinary Shares subject as provided in these Articles in relation to such a transfer.

2.1.4 Voting Ordinary Shares and Non-Voting Ordinary Shares shall rank *pari passu* inter

se as regards rights to income and capital but, subject to Article 3.11, the holders of Non-Voting Ordinary Shares shall be entitled to receive notice of and to attend at general meetings of the Company but shall not be entitled to vote thereat.

#### **Increase, consolidation, subdivision and cancellation of share capital**

2.2 Subject as provided in these Articles, the Company may from time to time by ordinary resolution:-

- (a) increase its share capital by such sum to be divided into Shares of such amount as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- (c) subject to the provisions of the Act, sub-divide its Shares or any of them into Shares of smaller amount and the resolution may determine that, as between the Shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared with the others; and
- (d) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

#### **Fractions**

2.3 Whenever as a result of a consolidation of Shares any members would become entitled to fractions of a Share, the Board may deal with the fractions as it thinks fit and in particular may aggregate and sell the Shares representing the fractions to any person (including, subject to the provisions of the Act, the Company) and distribute the net proceeds of sale (subject to retention by the Company of amounts not exceeding £3 the cost of distribution of which would be disproportionate to the amounts involved) in due proportion among those members, and the Board may authorise some person to transfer or deliver the Shares to, or in accordance with the directions of, the purchaser. The person to whom any Shares are transferred or delivered shall not be bound to see to the application of the purchase money nor shall his title to the Shares be affected by any irregularity in, or invalidity of, the proceedings relating to the sale.

#### **Reduction of capital**

2.4 Subject to the provisions of the Act and to any rights conferred on the holders of any class of Shares, the Company may in any way by special resolution reduce its share capital, any capital redemption reserve and any share premium account or other undistributable reserve unless such reduction would result in any person becoming a Relevant Person or would cause, or be reasonably likely to cause, a Licence Event, or (save with the prior consent in writing of Pearson) would cause Pearson or any member of the Group to cease to be an Independent Producer.



## **Purchase of own Shares**

- 2.5 Subject to the provisions of the Act and to any rights conferred on the holders of any class of Shares, the Company may, unless such purchase would result in any person becoming a Relevant Person or would cause, or be reasonably likely to cause, a Licence Event, or (save with the prior consent in writing of Pearson) would cause Pearson or any member of the Group to cease to be an Independent Producer, purchase all or any of its Shares of any class, including any redeemable Shares. Every contract for the purchase of, or under which the Company may become entitled or obliged to purchase, Shares in the Company shall be authorised by such resolution of the Company as may be required by the Act and by an extraordinary resolution or resolutions passed at a separate general meeting or meetings of the holders of each class of Shares (if any) which at the date on which the contract is authorised by the Company in general meeting entitle them, either immediately or at any time later on, to convert all or any of the Shares of that class held by them into equity share capital of the Company. Neither the Company nor the Board shall be required to select the Shares to be purchased rateably or in any other particular manner as between the holders of Shares of the same class or as between them and the holders of Shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of Shares.

## **ISSUE OF NEW SHARES**

### **Pro Rata Issues**

- 3.1.1 Any Ordinary Shares hereafter to be allotted or issued shall before allotment or issue be offered for subscription in the first instance to holders of Ordinary Shares as at the date of the offer and, in the case of competition, shall be allotted to the applicants in proportion (as nearly as may be without involving fractions) to the nominal amount of Ordinary Shares then held by them respectively provided that:-
- (i) no Shareholder shall be obliged to take more than the number of Ordinary Shares in respect of which he accepted the offer; and
  - (ii) at the time of allotment of Ordinary Shares, the Board shall designate such shares as Non-Voting Ordinary Shares to the extent only that such designation is required to ensure (so far as is thereby possible) that such allotment does not give rise to a Licence Event nor make any Shareholder a Relevant Person or, if such designation is requested by Pearson, in order to avoid any member of its Group ceasing to be an Independent Producer;
  - (iii) notwithstanding (ii) above, the Board shall not allot any or all of the Shares to which a Shareholder would otherwise be entitled if such allotment would be reasonably likely, as determined in accordance with the Shareholders' Agreement, to give rise to a Licence Event or make the Shareholder a Relevant Person or would cause (save with the prior consent in writing of Pearson) Pearson or any member of its

Group to cease to be an Independent Producer.

- 3.1.2 Any such offer as aforesaid shall be made by notice in writing specifying the number of Ordinary Shares offered and the price at which the same are offered ("the Offer Price") and shall remain open for acceptance for a period of not less than 28 days. Any such offer not accepted within the period specified will be deemed to be declined. Acceptance shall be by notice in writing to the Company specifying the number of Ordinary Shares in respect of which the Shareholder accepts the offer accompanied by a remittance for the aggregate subscription amount based on the Offer Price.
- 3.1.3 Subject as aforesaid, the Board may, at any time up to two months after the expiration of such offer as aforesaid, dispose of any Ordinary Shares not taken up pursuant thereto at such price (not being less than the Offer Price), on such terms (not being more favourable than the terms of the offer) and in such manner and to such persons as the directors may think fit, subject to any legal requirements applicable to such disposal.
- 3.1.4 The foregoing provisions of this Article 3.1 may be waived in any particular case by the consent in writing of holders of not less than 95 per cent. of the Ordinary Shares.
- 3.1.5 In relation to allotments in accordance with the provisions of this Article the directors are hereby generally and unconditionally authorised pursuant to and in accordance with Section 80 of the Act to exercise for the period commencing on and with effect from the date of adoption of these Articles and ending on the date five years from the date of adoption of these Articles all the powers of the Company to allot Ordinary Shares up to the aggregate nominal amount of £1,000 provided that the authority hereby conferred shall allow the directors to make an offer or agreement before the expiry of such authority which would or might require Shares to be allotted after such expiry as if the power conferred hereby had not expired.

#### **Rights attached to Shares**

- 3.2 Subject to the provisions of the Act and to any rights conferred on the holders of any other shares, any Share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may decide.

#### **Redeemable Shares**

- 3.3 Subject to the provisions of the Act and to any rights conferred on the holders of any other shares, any Share may be issued which is to be redeemed, or is to be liable to be redeemed at the option of the Company or the holder, on such terms and in such manner as may be provided by these Articles.

### **Variation of Rights**

- 3.4 Subject to the provisions of the Act, all or any of the rights for the time being attached to any class of Shares for the time being issued may from time to time (whether or not the Company is being wound up) be varied with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those Shares. All the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply to any such separate general meeting, but so that the necessary quorum shall be a person or persons holding or representing by proxy not less than one-third in nominal value of the issued Shares of the class, that every holder of Shares of the class shall be entitled on a poll to one vote for every Share of the class held by him, that any holder of Shares of the class present in person or by proxy may demand a poll and that at any adjourned meeting of the holders one holder present in person or by proxy (whatever the number of Shares held by him) shall be a quorum. For the purposes of this Article the Voting Ordinary Shares and Non-Voting Ordinary Shares shall constitute a single class of shares unless the Board shall be of the opinion that any proposed variation or rights gives rise to a conflict of interests between the holders of such shares.

### **Pari passu issues**

- 3.5 The rights conferred upon the holders of any Shares shall not, unless otherwise expressly provided in the rights attaching to those Shares, be deemed to be varied by the creation or issue of further Shares ranking pari passu (save as to the date from which such new Shares shall rank for dividend) with those already issued or by anything done by the Company pursuant to Article 2.5.

### **Unissued Shares**

- 3.6 Subject to the provisions of the Act and these Articles, the unissued Shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms as the Board may decide.

### **Payment of commission**

- 3.7 The Company may in connection with the issue of any Shares exercise all powers of paying commission and brokerage conferred or permitted by the Act.

### **Trusts not recognised**

- 3.8 Except as ordered by a court of competent jurisdiction or as required by law, no person shall be recognised by the Company as holding any Share upon trust and the Company shall not be bound by or required in any way to recognise (even when having notice of it) any interest in any Shares other than an absolute right to the whole of the Share in the holder.

### **Exclusion of Section 89**

3.9 The application of Section 89(1) of the Act is hereby excluded.

### **Financial assistance**

3.10 The Company may give financial assistance for the acquisition of shares in the Company to the extent that it is not restricted or prohibited by the Act.

### **Enfranchisement**

3.11 The Board may enfranchise any of the Non-voting Ordinary Shares for the time being (which will thereby be re-designated as Voting Ordinary Shares) and/or disenfranchise any Voting Ordinary Shares (which will thereby be re-designated as Non-voting Ordinary Shares) in accordance with the provisions of this Article as follows:-

- 3.11.1 on enfranchising any Non-voting Ordinary Shares, the Board shall (to the extent that it is necessary to do so in order to prevent the reduction of the Voting Percentage of any other Shareholder except a Shareholder whose Voting Percentage exceeds its Equity Percentage) disenfranchise an equal number of Voting Ordinary Shares (which will thereby be re-designated as Non-Voting Ordinary Shares);
- 3.11.2 no shares may be enfranchised if the result would be that the Voting Percentage of the Shareholder whose shares are being enfranchised would thereby exceed his Equity Percentage or, in the case of a Shareholder whose Voting Percentage already exceeds his Equity Percentage, would increase his Voting Percentage in each case after taking into account the shares (if any) being disenfranchised under Article 3.11.1;
- 3.11.3 (except with the prior written consent of the Shareholder concerned) no shares may be disenfranchised if the result would be that the Equity Percentage(s) of the Shareholder(s) whose shares are being disenfranchised would exceed his (or their) Voting Percentage(s), after taking into account the shares being enfranchised under this Article;
- 3.11.4 no shares may be enfranchised or disenfranchised if it would give rise to a Licence Event, make any Shareholder a Relevant Person, or (save with the prior consent in writing of Pearson) cause Pearson or any member of its Group to cease to be an Independent Producer;
- 3.11.5 disenfranchisement shall be effected so far as practicable pro rata to the difference between the Equity Percentage and the Voting Percentage of each relevant Shareholder;

- 3.11.6      enfranchisement or disenfranchisement shall be effected by notice in writing served on the holders of Ordinary Shares to be enfranchised or disenfranchised (as the case may be). The notice shall state the date on which the enfranchisement or disenfranchisement is to occur, being no earlier than 10 days after the date of the notice. Upon enfranchisement or disenfranchisement, the certificate representing the Ordinary Shares enfranchised or disenfranchised shall be cancelled, and the Company shall issue a new certificate for the Voting Ordinary Shares or Non-voting Ordinary Shares, as the case may be, and a balance certificate for the remaining Non-voting Ordinary Shares or Voting Ordinary Shares, as the case may be; and
- 3.11.7      for the purpose of this Article 3.11, the "**Voting Percentage**" of any Shareholder shall be the number of votes he is entitled to cast at a general meeting of the Company expressed as a percentage of the total number of votes that can be cast (disregarding any temporary suspension of voting rights effected in accordance with these Articles); the "**Equity Percentage**" of any Shareholder is the number of Ordinary Shares that he holds expressed as a percentage of the total number of Ordinary Shares.

## **REGISTRATION**

### **Licence Events/Relevant Persons**

- 4.1      The Board shall decline to register a person as a Shareholder where in its opinion such registration would result in any person becoming a Relevant Person or would cause, or be reasonably likely to cause (as determined in accordance with the Shareholders' Agreement), a Licence Event.

### **Loan Stock**

- 4.2      Except in relation to transfers made pursuant to Articles 6.2, 8.5, 9.1.1 (a) or 10.3, the Board shall decline to register a transfer of Ordinary Shares unless Loan Stock and/or Deferred Shares which are Stapled to such Ordinary Shares (if any) are transferred contemporaneously to the transferee of such Ordinary Shares.

### **Consortium Relief**

- 4.3      The Board shall decline to register a transfer if in the reasonable opinion of the Board such transfer (whether alone or when taken in combination with any other disposal or dealing which has taken place or is about to do so) would prejudice the ability of Shareholders to make elections under Section 247 and Sections 402 to 413 (inclusive) of the Income and Corporation Taxes Act 1988.

### **Preference Shares**

- 4.4      The Board shall decline to register a transfer of Preference shares to any person

who does not hold any Ordinary Shares.

#### **Duty to register**

- 4.5 Save to the extent provided by this Article 4 and save for any purported transfer which is made otherwise than in accordance with the procedures described in these Articles the Board shall register a transfer of Shares provided
- (a) it is lodged at the office or at such other place as the directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer;
  - (b) it is in respect of only one class of shares; and
  - (c) it is in favour of not more than four transferees.

### **SHARE CERTIFICATES**

#### **Right to share certificate**

- 5.1 Every person whose name is entered in the register as a holder of any Shares shall be entitled, without payment, to receive within two months after allotment or lodgment of a transfer to him of those Shares (or within such other period as the terms of issue shall provide) one certificate for all those Shares of any one class or several certificates each for one or more of the Shares of the class in question upon payment for every certificate after the first of such reasonable out-of-pocket expenses as the Board may from time to time decide. A Shareholder who transfers some but not all of the Shares comprised in a certificate shall be entitled to a certificate for the balance without charge. The Company shall not be bound to issue more than one certificate for Shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

#### **Replacement of share certificate**

- 5.2 If a share certificate is defaced, worn out, lost or destroyed, it may be replaced without fee but on such terms (if any) as to evidence and indemnity and to payment of any exceptional out-of-pocket expenses of the Company in investigating the evidence and preparing the indemnity as the Board may decide and, where it is defaced or worn out, after delivery of the old certificate to the Company.

#### **Sealing of certificates**

- 5.3 Every share certificate shall be issued under a seal and shall specify the number of the Shares to which it relates and the amount or respective amounts paid up on the Shares.

## **LIEN**

### **Company's lien on Shares**

- 6.1 The Company shall have a first and paramount lien on every Share (not being a fully paid up Share) for all moneys (whether presently payable to the Company or not) in respect of that Share and the Company shall also have a first and paramount lien on all Shares (whether or not they are fully paid up shares) registered in the name of a person who is, or who is a member of the same Group as a person who is, indebted or under any liability whatsoever to the Company including any liability to subscribe for Loan Stock. The Company's lien on a Share shall extend to every amount payable in respect of it. The Board may at any time either generally or in any particular case waive any lien that has arisen or declare any Share to be wholly or in part exempt from the provisions of this Article.

### **Enforcing lien by sale**

- 6.2 The Company may sell, in the manner provided below, any Shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after a notice in writing has been served on the holder of the Shares, demanding payment and stating that if the notice is not complied with the Shares may be sold in accordance with these Articles. A person on whom such a notice is served shall be deemed immediately to have authorised the Company to sell as soon as reasonably practicable and at the best price in cash which may reasonably be obtained (whether from other Shareholders or otherwise) the Shares in question and the Company may appoint any third party to conduct such sale on its behalf. The Board shall, upon determining that such a sale shall be effected, give notice to all Shareholders inviting them to tender for the Shares to be sold. In the event that the highest price is offered by more than one potential purchaser, the Board shall prefer existing Shareholders, but otherwise the terms of the disposal and the person to whom the Shares are sold shall be at the Board's discretion in accordance with this Article. The person on whom such notice is served shall be prohibited from disposing of or otherwise dealing with any of the Shares in question from the date of service of such notice pending such sale. For the purpose of giving effect to the sale the Board may authorise some person to transfer the Shares in question and an instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or person entitled by transmission to, the Shares. The purchaser shall not be bound to see to the application of the purchase moneys, nor shall his title to the Shares be affected by any irregularity or invalidity in reference to the sale.

The Company shall use reasonable endeavours contemporaneously to sell Loan Stock and/or Deferred Shares (if any) which are Stapled in relation to the shares in question and the provisions of this Article 6.2 shall apply mutatis mutandis to such securities. Neither the Company nor any of its officers or agents shall be liable for any shortfall or alleged shortfall in the sale proceeds nor shall the Company be under any duty to a Shareholder to procure the release of his Funding Commitment upon such sale.

The net proceeds, after payment of the costs of the sale by the Company, of any Shares on which it has a lien shall be applied in or towards payment or discharge of the debt or liability in respect of which the lien exists so far as it is presently payable, and the Company shall be entitled to retain any residue (without payment of interest to the relevant holder), such residue not to exceed the nominal amount of Loan Stock or subscription price of Shares which may fall to be subscribed by the relevant holder, as security for any debts or liabilities in respect of such Loan Stock or Shares. The amount so retained may be used to pay the subscription price for the Loan Stock or Shares as it falls due and any balance shall be paid to the holder when all such obligations have been satisfied.

## **CALLS ON SHARES**

### **Calls**

- 7.1 Subject to the terms of issue, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their Shares (whether in respect of nominal value or premium) and not payable on a date fixed by or in accordance with the terms of issue, and each Member shall (subject to the Company serving upon that Member at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on that Member's Shares; provided that (subject as aforesaid) no call on any Share shall be payable within one month from the date fixed for the payment of the last preceding call. A call may be revoked or postponed as the Board may decide. A person upon whom a call is made shall remain liable for all calls made upon that Member notwithstanding the subsequent transfer of the Shares in respect of which the call was made.

### **Payment on calls**

- 7.2 A call may be made payable by instalments and shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

### **Liability of joint holders**

- 7.3 The joint holders of a Share shall be jointly and severally liable to pay all calls in respect of the Share.

### **Interest due on non-payment**

- 7.4 If a call remains unpaid after it has become due and payable, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it is due and payable to the time of actual payment at such rate as the Board may reasonably decide, and shall pay all costs, charges and expenses that may have been incurred by the Company by reason of such non-payment but the Board shall be at liberty to waive payment of such interest or such costs, charges and expenses wholly or in part. No dividend or other payment or distribution in respect of any such share shall be paid or distributed and no other rights which would otherwise normally be exercisable in accordance with these Articles may be



exercised by a holder of any such share so long as any such sum or any interest or expenses payable in accordance with this Article in relation thereto remains due.

#### **Sums due on allotment treated as calls**

- 7.5 Any amount which becomes payable in respect of a Share on allotment or on any other date fixed by or in accordance with the terms of issue, whether in respect of the nominal amount of the Share or by way of premium or as an instalment of a call, shall be deemed to be a call and, if it is not paid, all the provisions of these Articles shall apply as if the sum had become due and payable by virtue of a call.

#### **Power to differentiate**

- 7.6 Subject to the terms of issue, the Board may on the issue of Shares differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

#### **Payments in advance**

- 7.7 The Board may, if it thinks fit, receive from any member who is willing to advance them all or any part of the moneys uncalled and unpaid upon any Shares (whether on account of the nominal value of the Shares or by way of premium) held by that Member and upon all or any of the moneys so advanced may (until they would, but for the advance, become presently payable) pay interest at such rate, as the Board may reasonably decide. No sum paid in advance of calls shall entitle the holder of a share in respect thereof to any portion of a dividend or other payment or distribution subsequently declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable and such payment in advance of calls shall pro tanto extinguish the liability upon the Shares in respect of which it was made.

### **FORFEITURE OF SHARES**

#### **Notice if call on instalment not paid**

- 8.1 If any call or instalment of a call remains unpaid on any Share after the day appointed for payment, the Board may at any time thereafter serve a notice on the Shareholder requiring payment of so much of the call or instalment as is unpaid or such moneys, together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment.

#### **Form of notice**

- 8.2 The notice shall name a further day (not being less than fourteen clear days from the date of the notice) on or before which, and the place where, the payment required by the notice is to be made and shall state that in the event of non-payment on or before the day and at the place appointed, the Shares in respect of which the call was made or instalment is payable will be liable to be forfeited. The Board may accept the surrender of any Share liable to be forfeited and, in that

event, references in these Articles to forfeiture shall include surrender.

#### **Forfeiture if non-compliance with notice**

- 8.3 If the notice is not complied with, any Share in respect of which it was given may, at any time before payment of all calls or instalments and interest and costs, charges and expenses due in respect of it have been made, be forfeited by a resolution of the Board to that effect and the forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited Shares and not paid before the forfeiture. Forfeiture shall be deemed to occur at the time of the said resolution of the Board.

#### **Notice after forfeiture**

- 8.4 When any Share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the Share but no forfeiture shall be invalidated by any omission or neglect to give the notice.

#### **Sale of forfeited Shares**

- 8.5 Until cancelled in accordance with the requirements of the Act, a forfeited Share shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of in the manner provided below. If the Board resolves that a forfeited Share be sold or otherwise disposed of, the holder of such Share shall be deemed immediately to have authorised the Company to sell (as soon as reasonably practicable and at the best price in cash which may reasonably be obtained) the forfeited Share and the provisions of Article 6.2 shall apply mutatis mutandis.

The Board may for the purposes of the disposal authorise some person to transfer the Shares in question and may enter the name of the transferee in respect of the transferred Shares in the register notwithstanding the absence of any share certificate being lodged in respect thereof and may issue a new certificate to the transferee and an instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of the Shares. The Company may receive the consideration (if any) given for the Share on its disposal. At any time before a sale, re-allotment or disposition the forfeiture may be cancelled by the Board on such terms as the Board may decide.

#### **Arrears to be paid notwithstanding forfeiture**

- 8.6 A person whose Shares have been forfeited shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the certificate for the forfeited Shares but shall remain liable to pay to the Company all moneys which at the date of the forfeiture were payable by that person to the Company in respect of those Shares with interest thereon at such rate as the Board may reasonably decide from the date of forfeiture until payment, provided that the Company shall make allowance for any consideration received on the disposal of the Shares forfeited.

### **Statutory declaration as to forfeiture**

- 8.7 A statutory declaration that the declarant is a director of the Company or the secretary and that a Share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share. The declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the Share and the person to whom the Share is disposed of shall not be bound to see to the application of the purchase money (if any) nor shall that person's title to the Share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale, re-allotment or disposal.

### **TRANSFER AND TRANSMISSION OF ORDINARY SHARES**

#### **Permitted Transfers**

- 9.1.1 Subject to Article 4, a Shareholder may at any time transfer (a "Permitted Transfer") all or any of his Ordinary Shares:-

- (a) (in the case of a Shareholder being a company) to a member of its Group other than any such member which is a licence holder under the Broadcasting Act;
- (b) (in the case of a Shareholder being an individual, which shall include his personal representatives in the event of his death) to his spouse or children or to trustees to be held under a trust under which no person other than such Shareholder or his spouse or children has any beneficial interest;
- (c) to any other person approved in writing by holders of not less than 95 per cent of the Ordinary Shares; and
- (d) in the case of Ventures, to any Approved Ventures Transferee.

Provided always that:-

- (1) where Ordinary Shares have been transferred under paragraph (a) or (e) above (whether directly or by a series of transfers thereunder) from a body corporate or from Ventures ("the transferor company" which expression shall not include a second or subsequent transferor in such a series of transfers) to a member of the same Group ("the transferee company") and subsequently the transferee company ceases to be a member of the same Group as the transferor company, the transferee company shall be deemed forthwith to have served the Company with a Transfer Notice in accordance with Article 9.3 in respect of the relevant Securities and the Transfer Notice shall be deemed to have been received by the Company on the date falling 21 days after the date on which

the transferee company so ceases to be a member of the same Group if during such period the relevant Securities have not been transferred back to the transferor company (and for the purposes of that Article 9.3 such relevant Securities shall be the Sale Securities) and the provisions of Article 9.3.10 shall apply;

- (2) where Ordinary Shares have been transferred under paragraph (b) above (whether directly or by a series of transfers thereunder) and the relevant Securities cease to be held by the trustees for the sole benefit of the Shareholder or his spouse or children, the trustees shall be deemed forthwith to have served the Company with a Transfer Notice in accordance with Article 9.3 in respect of the relevant Securities and such Transfer Notice shall be deemed to have been received by the Company 21 days following the date on which the relevant Securities cease to be so held if on such date the relevant Securities have not been transferred back to the original transferor (and for the purposes of that Article such relevant Securities shall be the Sale Securities) and the provisions of Article 9.3.10 shall apply;
- (3) where a Shareholder proposing to transfer Ordinary Shares under this Article 9.1.1 ("the Permitted Transferor") holds those relevant Securities as a result of an earlier Permitted Transfer from another Shareholder ("the Original Shareholder") (other than pursuant to paragraph (c) above) the Permitted Transferor may only transfer such Securities to a person to whom the Original Shareholder could have made a Permitted Transfer (other than pursuant to paragraph (c) above).

For the purposes of sub-paragraphs (1), (2) and (3) above the expression "relevant Securities" means and includes (so far as the same remain for the time being held by the transferee company, the trustees or the Permitted Transferor (as the case may be)) the Ordinary Shares originally transferred and any additional Shares issued or transferred to the transferee company, the trustees or the Permitted Transferor (as the case may be) by virtue of the holding of the relevant Securities or any of them together with any Loan Stock and/or Deferred Shares held by the transferee company, the trustees or the Permitted Transferor (as the case may be) which shall for the purposes of Article 9.3 be deemed to be the Loan Stock and/or Deferred Shares which are Stapled in relation to such Ordinary Shares.

- 9.1.2 Any person to whom Shares are transferred pursuant to sub-paragraphs 9.1.1(a) (b) (c) or (d) of this Article shall hereinafter in these Articles be called a "Permitted Transferee".

### **Restricted Period**

9.2 A Shareholder may not sell, transfer, assign or otherwise dispose of Ordinary Shares held by it:-

- (a) in the Restricted Period, save (but subject to Article 4):-
  - (i) for Permitted Transfers; and
  - (ii) to avoid revocation of any licence held pursuant to the Broadcasting Act by such Shareholder or by a member of the same Group as such Shareholder or in order to avoid becoming or continuing to be a Relevant Person PROVIDED THAT a transfer may not be made pursuant to this sub-paragraph (ii) unless and until the rights of pre-emption contained in Article 9.3 have been exhausted; and
  - (iii) for a transfer to give effect to a Required Disposal (as defined in Article 10), PROVIDED THAT a transfer may not be made pursuant to this sub-paragraph (iii) unless and until the rights of pre-emption contained in Article 9.3 have been exhausted;
- (b) thereafter, save for Permitted Transfers (and subject to Article 4), unless and until the rights of pre-emption contained in Article 9.3 shall have been exhausted.

### **Rights of Pre-Emption**

9.3.1 Except in the case of a Permitted Transfer, a transfer of Ordinary Shares shall be made in accordance with the following provisions of this Article 9.3.

9.3.2 A Shareholder when intending to transfer Ordinary Shares ("the proposing Transferor") shall, before transferring or agreeing to transfer any Ordinary Shares give notice in writing to the Board of his intention (hereinafter called "the Transfer Notice"). A Transfer Notice shall be validly given notwithstanding that the proposing Transferor has not identified a purchaser or transferee for such shares nor agreed terms for the transfer of the same. The Transfer Notice shall specify the Ordinary Shares to which it relates ("the Sale Shares") (which may be all or part only of the Ordinary Shares then held by the proposing Transferor) and the Loan Stock and/or Deferred Shares Stapled thereto (together "the Sale Securities") and the price per Unit at which they are offered ("the Sale Price") and it shall constitute the Board as the agents of the proposing Transferor empowered to sell the Sale Securities (together with all rights then attached thereto) at the Sale Price per Unit in the manner set out below. The proposing Transferor shall be prohibited from disposing of any of the Sale Securities or any interest therein from the service of the Transfer Notice except in accordance with the procedures in this Article 9.3. The proposing Transferor shall state in the Transfer Notice whether or not he is willing to sell some only of the Sale

Securities if the Board is unable to find purchasers for all of the Sale Securities pursuant to this Article 9.3 and whether or not he is willing to sell the Sale Securities on terms that he remains liable for his Funding Commitment (or the relevant proportion thereof).

9.3.3 Within seven days after receipt by the Board of the Transfer Notice the Sale Securities shall be offered in Units for sale at the Sale Price by the Board in the first instance to the holders of Ordinary Shares at the date of the offer (other than the proposing Transferor) and to any Third Party Purchaser procured by the holders of Ordinary Shares pursuant to Article 9.3.5 and, in the case of competition among holders of Ordinary Shares, shall be sold to the acceptors in proportion (as nearly as may be without involving fractions) to the number of Ordinary Shares then held by them respectively provided that:-

- (i) no Shareholder shall be obliged to take more than the number of Units in respect of which he accepted the offer;
- (ii) the Board shall not allocate any or all of the Ordinary Shares to which a Shareholder would otherwise be entitled if such allocation would be reasonably likely, as determined in accordance with the Shareholders' Agreement, to give rise to a Licence Event or make any person a Relevant Person or cause (save with the prior consent in writing of Pearson) Pearson or any member of its Group to cease to be an Independent Producer;
- (iii) where the proposing Transferor has stated that he is only willing to sell the Sale Securities on terms that he is released or effectively indemnified from his Funding Commitment or the relevant proportion thereof, no acceptance of the offer of Sale Securities shall be valid unless accompanied by evidence reasonably satisfactory to the Board and the proposing Transferor that the purported acceptor is able to procure such release in accordance with the Shareholders' Agreement.
- (iv) the Board shall not allocate any or all of the Ordinary Shares to which a Shareholder would otherwise be entitled, if in the reasonable opinion of the Board such allocation (whether alone or when taken in combination with any other disposal or dealing which has taken place or is about to do so) would prejudice the ability of Shareholders to make the elections under Section 247 and Sections 402 to 413 (inclusive) of the Income and Corporation Taxes Act 1988.

Upon receipt of a Transfer Notice:-

- (i) the Shareholders other than the Transferor shall co-operate with each other in good faith to discuss the price offered, their intentions with regard to exercise of their rights of pre-emption and, if any Shareholder does not wish to exercise such rights, to work jointly to

seek one or more buyers for the Sale Securities which existing Shareholders do not wish to purchase;

- (ii) no Shareholder shall unreasonably withhold agreement to the identity of a proposed Third Party Purchaser under Article 9.3.5.

9.3.4 Any offer made pursuant to Article 9.3.3 above shall be made by notice in writing specifying the number of Units offered and the aggregate Sale Price of the same and shall specify a period of forty-five days within which it must be accepted or shall lapse.

9.3.5 If holders of Ordinary Shares shall within the said period of the offer agree to purchase the Sale Securities concerned or any of them or, to the extent that they shall not agree to purchase all of them, procure (a) Third Party Purchaser(s) to agree to purchase all or any such securities (being a person or persons agreed among all Shareholders other than the proposing Transferor), all such Shareholders or Third Party Purchaser(s) being collectively referred to in this Article 9.3 as "Purchasers", the Board shall forthwith give notice in writing as hereinafter mentioned to the proposing Transferor and to the Purchasers and the proposing Transferor shall (subject to Article 9.3.6 below) on the date falling seven days after service of such notice become bound upon payment of the Sale Price to transfer such Sale Securities to the respective Purchasers accordingly. Every such notice shall state the name and address of each Purchaser and the number of Sale Securities agreed to be purchased by him and the purchase shall be completed at a place and time to be appointed by the Board not being less than seven days nor more than thirty days after the date of such notice. If a proposing Transferor having become so bound makes default in so doing, the Board may authorise some person to execute the necessary instrument of transfer and may deliver it on his behalf and the Company may receive the purchase money in trust for the proposing Transferor and shall thereupon (subject to such instrument being duly stamped) cause the Purchaser to be registered as the holder of such Sale Securities. The receipt of the Company for the purchase money shall be a good discharge to the Purchaser (who shall not be bound to see to the application thereof), and after the name of the Purchaser has been entered in the register of the Company in exercise of the aforesaid power the validity of the transactions shall not be questioned by any person.

9.3.6 If by the foregoing procedure the Board shall not receive acceptances in respect of all of the Sale Securities they shall, if the proposing Transferor has stated in the Transfer Notice that he is willing to sell all, but not some only, of the Sale Securities, forthwith give notice of that fact to the proposing Transferor before requiring the proposing Transferor to transfer any of the Sale Securities to the Purchasers pursuant to Article 9.3.5 and the proposing Transferor may (if he has so stated) within seven days after service of such notice give a further notice in writing to the Board to the effect that the Transfer Notice is revoked. If such notice is given by the proposing Transferor any earlier acceptances by Purchasers in respect of the

Sale Securities shall cease to be of any effect and the Board shall forthwith give notice of such revocation to all the Shareholders.

9.3.7 Subject to Article 4 the proposing Transferor shall be permitted to dispose of any Units of Sale Securities not taken up pursuant to the preceding paragraphs of this Article or (where a notice of revocation of the Transfer Notice has been served by the proposing Transferor pursuant to the preceding paragraph) all the Sale Securities at a price no less than the Sale Price during the period of 90 days from the date of service of notice by the Board pursuant to paragraph 9.3.6 above. Where the proposing Transferor has stated that he is only willing to sell the Sale Securities on terms that he is released from or effectively indemnified against his Funding Commitment (or the relevant proportion thereof) he shall only be entitled to dispose of Units of Sale Securities hereunder if the proposed transferee provides evidence reasonably satisfactory to the Board and the proposing Transferor that he is able to procure such release in accordance with the Shareholders' Agreement. The Directors may require to be satisfied that such Units are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance whatsoever to the purchaser and if not so satisfied may refuse to register the instrument of transfer. No Shareholder which declines an offer made to it under Article 9.3.3 or who does not accept at least to the extent of his pro rata entitlement shall be entitled to acquire any of the Sale Securities during the 90 day period referred to above.

9.3.8 The provisions of this Article 9.3 may be waived in any particular case with the consent in writing of holders of 95% or more of the Ordinary Shares.

9.3.9 If:-

- (i) any holder of Ordinary Shares at any time sells, transfers, assigns, grants options over, disposes of, or otherwise deals with in any manner whatsoever, the legal title to, or the beneficial ownership of, or any other interest in, any Shares other than by virtue of a transfer of both the legal and beneficial ownership of Shares in accordance with the provisions of the Articles and which the Board is obliged to register; creates or permits to be created or allows to subsist any security interest, option or other rights over any Shares; or enters into any agreement or arrangement to do any of the foregoing in relation to Shares or in relation to the exercise of any voting rights attaching to any Shares;
- (ii) any Shareholder becomes insolvent, suffers a petition to be presented that it be placed in administration or liquidation and the same is not removed within fourteen days of such petition, or has a receiver or administrator appointed in respect of all or a material part of its assets, commits an act of bankruptcy or is dissolved;

he shall be deemed immediately prior to such event to have served



the Company with a Transfer Notice in respect of (in the case of (i)) such Ordinary Shares and the Loan Stock and/or Deferred Shares (if any) Stapled thereto and (in the case of (ii)) all Ordinary Shares, Deferred Shares and Loan Stock held by such Shareholder or any member of the same Group as such Shareholder and the provisions of Article 9.3.10 shall thereupon apply to such Ordinary Shares, Deferred Shares and Loan Stock (which shall, for the purposes of that Article, be deemed to be the Sale Securities) and such Transfer Notice shall be deemed to have been received by the Company on the date on which the Board shall receive actual notice of such attempt.

9.3.10 Where a Transfer Notice is deemed to be given pursuant to Article 9.1.1 or 9.3.9, the Shareholder shall be deemed to have irrevocably and unconditionally authorised the Board to dispose of the Sale Securities pursuant to the Transfer Notice on its behalf (and the Shareholder shall be prohibited from disposing or otherwise dealing with the Sale Securities) and all the provisions of Article 9.3 shall (mutatis mutandis) apply, save that:-

- (a) the Sale Price shall be the price certified by the auditors (on application to be made by the Company) as being in their opinion the fair value of those securities as of the date of the Transfer Notice as between a willing seller and a willing buyer on a going concern basis by reference to the latest management accounts or other financial statements of the Company at such date and having regard to the earnings (including earning capacity) of the Company and on the assumption that the value to be given to each Ordinary Share comprised in the Transfer Notice shall be its value as a rateable proportion of the total value of all the issued Ordinary Shares of the Company and shall not be discounted or enhanced by reference to the number of Ordinary Shares in the Transfer Notice or by reference to other provisions in relation to share transfers in the Company or of any agreement amongst Shareholders and shall not be discounted or enhanced by reference to any special rights or restrictions attached to the shares including (if relevant) the fact that all or some such Ordinary Shares are, for the time being, Non-Voting Ordinary Shares. In so certifying the auditors shall be deemed to be acting as experts and not as arbitrators and their certificate shall be conclusive and binding on all the Shareholders;
- (b) the Shareholder shall not be permitted to revoke the Transfer Notice pursuant to Article 9.3.6;
- (c) the Sale Securities shall not be offered to any member of the Shareholder's Group nor to any Relevant Person or to any

person who would become a Relevant Person if it acquired the Sale Securities;

- (d) any or all of the Sale Shares shall not be offered to any person if in the reasonable opinion of the Board the acquisition of such Sale Share by that person (whether alone or when taken in combination with any other disposal or dealing which has taken place or is about to do so) would prejudice the ability of Shareholders to make elections under Section 247 and Sections 402 to 413 (inclusive) of the Income and Corporation Taxes Act 1988; and
- (e) the Board may authorise some person to transfer the Sale Securities and may enter the name of the transferee in respect of the Sale Securities notwithstanding the absence of any share or other relevant certificate being lodged in respect thereof and may issue a new certificate to the transferee and an instrument of transfer executed by such person shall be effective as if it had been executed by the registered holder of the Sale Securities and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto.

- 9.3.11 Except as expressly provided in this Article 9.3, a Transfer Notice, once served on the Company, may not be revoked or withdrawn.
- 9.3.12 Where a Transfer Notice is given in response to a Relevant Person Notice served pursuant to Article 10.3.1, the Loan Stock and/or Deferred Shares Stapled to the Disposal Shares specified in such notice shall be only such Loan Stock and/or Deferred Shares as are required to be included therein by the Board in accordance with that Article.
- 9.3.13 In this Article 9.3 the expressions "transfer" and "transferred" shall include any transfer or other disposition of Shares or any interest therein and any renunciation of the right to receive Shares.

#### **Right to decline registration**

- 9.4 The Directors shall decline to register any transfer of any Ordinary Share, whether or not it is a fully paid Share, which is not made in accordance with these Articles and the Shareholders' Agreement.

#### **Execution of transfer**

- 9.5 The instrument of transfer of a Share shall be signed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the register in respect thereof; provided that in the case of a partly paid Share the instrument of transfer must also be

signed by the transferee. The instrument of transfer shall be in any usual form or in any other form which the Board may approve.

#### **Transmission on death**

- 9.6 If a Member dies, the survivor or survivors, where he was a joint holder, and his personal representatives, where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his Shares; but nothing contained in these Articles shall release the estate of a deceased holder from any liability in respect of any Share held by him solely or jointly with other persons.

#### **Entry of transmission in register**

- 9.7 Where the entitlement of a person to a Share in consequence of the death or bankruptcy of a Member or of any other event giving rise to its transmission by operation of law is proved to the satisfaction of the Board, the Board shall within two months after proof cause the entitlement of that person to be noted in the register.

#### **Election of person entitled by transmission**

- 9.8 Any person entitled by transmission to a Share may, subject as provided elsewhere in these Articles, elect either to become the holder of the Share or to have some person nominated by him registered as the holder. If he elects to be registered himself, he shall give notice to the Company to that effect. If he elects to have another person registered, he shall execute an instrument of transfer of the Share in favour of that person. All the provisions of these Articles relating to the transfer of Shares shall apply to the notice or instrument of transfer as if the death or bankruptcy of the Member or other event giving rise to the transmission had not occurred and the notice or instrument of transfer was an instrument of transfer executed by the Member.

#### **Rights of person entitled by transmission**

- 9.9 Where a person becomes entitled by transmission to a Share, the rights of the holder in relation to that Share shall cease, but the person entitled by transmission to the Share may give a good discharge for any dividends or other moneys payable in respect of it and shall have the same rights in relation to the Share as he would have had if he were the holder of it save that, until he becomes the holder, he shall not be entitled in respect of the Share to attend or vote at any general meeting of the Company or at any separate general meeting of the holders of any class of Shares in the Company. The Board may at any time give notice requiring the person to elect either to be registered himself or to transfer the Share and if the notice is not complied with within sixty days the Board may withhold payment of all dividends and other moneys payable in respect of the Share until the requirements of the notice have been complied with.

### **Unclaimed dividends**

- 9.10 The Company may cease to send any cheque or warrant through the post for any dividend payable on any Shares in the Company which is normally paid in that manner on those Shares if in respect of at least two consecutive dividends payable on those Shares the cheques or warrants have been returned undelivered or remain uncashed but, subject to the provisions of these Articles, shall recommence sending cheques or warrants in respect of dividends payable on those Shares if the holder or person entitled by transmission claims the arrears of dividend and does not instruct the Company to pay future dividends in some other way.

### **LIMITATIONS ON SHAREHOLDINGS**

#### **Definitions**

- 10.1 For the purpose of this Article 10:-

**"Disclosure Notice"** means a notice served pursuant to Article 10.2;

**"Disposal Notice"** means a notice served pursuant to Article 10.3.2;

**"Relevant Person"** means any Shareholder circumstances in relation to whom either:-

(i) have caused a Licence Event; or

(ii) would, unless a Required Disposal is effected, be likely as determined in accordance with the Shareholders Agreement to cause a Licence Event;

**"Relevant Person Notice"** means a notice served pursuant to Article 10.3.1;

**"Relevant Shares"** means all Shares held by a Relevant Person;

**"Required Disposal"** means a disposal or disposals pursuant to Article 10.3.2 of such number of Relevant Shares as is specified in the relevant Disposal Notice, being such number of Relevant Shares as in the reasonable opinion of the Board is necessary for a Shareholder to cease being a Relevant Person or for a Shareholder to avoid becoming a Relevant Person;

#### **Disclosure Notice**

- 10.2.1 The Board may by notice in writing require any Shareholder to disclose to the Company in writing such information as the Board shall require as lies within the knowledge of such Shareholder (supported if the Board so requires by a statutory declaration and/or by independent evidence):-

(a) which the Company is entitled or would be entitled if it were a public company to seek pursuant to Section 212 of the Act;

- (b) which the Board shall deem necessary or desirable in order to determine whether any Ordinary Shares are Relevant Shares;
- (c) which the Board shall deem necessary or desirable in order to determine whether any person is or is deemed to be a Relevant Person or otherwise in relation to the application or potential application of this Article;
- (d) which the Board shall deem necessary or desirable in order to determine whether a Licence Event has occurred or is likely to occur; or
- (e) which the Board shall deem reasonably necessary or desirable in order to determine whether any person's interest in any Shares is such (whether alone or when taken in combination with other interests in Shares) as would, in the Board's reasonable opinion, prejudice the ability of Shareholders to make elections under Section 247 and Sections 402 to 413 (inclusive) of the Income and Corporation Taxes Act 1988;

PROVIDED that this Article shall only oblige Ventures or any Approved Ventures Transferee to disclose information which is within its possession or under its control.

- 10.2.2 The Board may give a Disclosure Notice pursuant to Article 10.2.1 at any time and the Board may give one or more than one such notice to the same Shareholder in respect of the same Ordinary Shares.
- 10.2.3 Where the holder of any Ordinary Shares fails to comply within twenty-one days with a Disclosure Notice, the Board may (in addition to any other remedy it may have under Article 14.10 or any other provision of these Articles, the Act or otherwise) resolve that such Ordinary Shares be deemed to be Relevant Shares and/or that the holder of such Shares be deemed to be a Relevant Person.

#### **Relevant Person Notice and Required Disposal**

- 10.3.1 If to the knowledge of the Board any person becomes a Relevant Person, the Board shall serve a written notice ("the Relevant Person Notice") on the registered holder(s) of the Relevant Shares. The Relevant Person Notice shall set out the restrictions referred to in Article 10.3.4 and call, if the transfer of Ordinary Shares is necessary in order for the Shareholder or other person to cease being a Relevant Person for a disposal to be made (specifying the number of Ordinary Shares ("the Disposal Shares") to be disposed of, being such number of Relevant Shares as in the reasonable opinion of the Board is necessary for a Shareholder to cease being a Relevant Person or for a Shareholder to avoid becoming a Relevant Person) or, if appropriate, for the Relevant Person to take such other action as

is necessary in order for it to cease being or to avoid becoming a Relevant Person, within twenty-one days of the service of such notice on the registered holder or such longer period as specified in the Relevant Person Notice as the Board considers reasonable. The Relevant Person Notice shall (if a disposal of Ordinary Shares is required) also require the Relevant Person to dispose of any Loan Stock and/or Deferred Shares which are Stapled to such Ordinary Shares on the basis set out in Article 9.3 but the Board shall have power to waive such requirement if it is impracticable for the disposal of Ordinary Shares to be carried out on that basis. The Board may extend the period for compliance with the requirements of the Relevant Person Notice and the Board shall be obliged, in a case where the Shareholder is seeking to make a disposal, to extend such period until the rights of pre-emption set out in Article 9.3 shall have been exhausted except that (i) for the 90 day period referred to in Article 9.3.7 there shall be substituted a period of 60 days or such shorter period as the ITC may require and (ii) if in the reasonable opinion of the Board, the Company or the Shareholders will or are likely to be materially prejudiced by such extension the Board may determine the period for compliance in its discretion. The Board may withdraw any Relevant Person Notice (whether before or after the expiration of the period referred to) if it appears to it that there is no Relevant Person in relation to the Ordinary Shares concerned. Upon the giving of a Relevant Person Notice, and save for the purpose of a Required Disposal under this Article 10.3, no transfer of any of the Relevant Shares may be registered until either such Relevant Person Notice is withdrawn or a Required Disposal has been made and registered or the Relevant Person has ceased to be a Relevant Person.

10.3.2 If a Relevant Person Notice has not been complied with in all respects to the reasonable satisfaction of the Board and has not been withdrawn, the Board may by written notice (the "Disposal Notice") to those persons on whom the Relevant Person Notice was served give notice of its intention to effect a Required Disposal. The Disposal Notice shall specify the Ordinary Shares to which it relates ("the Disposal Shares") (which may be all or part only of the Relevant Shares then held by the Relevant Person). The Disposal Notice may also specify Loan Stock and/or Deferred Shares which are Stapled to the Deferred Shares but the Board may determine not to include such securities in the Disposal Notice if it deems it impracticable to do so. If such Stapled securities are so included then the following provisions shall apply additionally to such securities. The Disposal Notice shall constitute the Board as the agents of the Relevant Person empowered to sell the Disposal Shares (together with all rights then attached thereto) in the following manner:-

- (i) Within seven days after service by the Board of the Disposal

Notice on the Relevant Person the Board shall by notice in writing ("the Invitation Notice") invite each holder of Ordinary Shares (other than the Relevant Person) to submit sealed bids within 14 days of the date of service of such invitation in respect of all or some of the Disposal Shares. Those Shareholders submitting bids ("the Bidding Shareholders") shall state in the sealed bid submitted by each of them the cash price per share which he is prepared to pay in respect of the Disposal Shares, the number of Disposal Shares for which he is prepared to bid, whether or not he is willing to purchase some only of the Disposal Shares for which he is bidding and such other details as the Board in the Invitation Notice shall require but shall not contain any other conditions.

- (ii) Within three Business Days of the last date for submission of sealed bids the Board shall notify by notice in writing ("the Provisional Allocation Notice") the Shareholders of the outcome of the bids and shall provisionally allocate the Disposal Shares to those Shareholders whose bids represent (taking into account whether or not such bids, if accepted, would effectively release or indemnify the Relevant Person against its Funding Commitment) the greatest consideration for the Disposal Shares. The Disposal Shares shall be provisionally allocated by the Board in its absolute discretion with a view to securing the greatest consideration for the Disposal Shares on behalf of the Relevant Person and so that:-
  - (a) no Shareholder shall be provisionally allocated more than the number of Ordinary Shares in respect of which he has submitted a bid;
  - (b) a Shareholder who has indicated that he is not willing to purchase some only of the Disposal Shares for which he has submitted a bid may only be provisionally allocated such number of Disposal Shares if sufficient are available to satisfy such condition;
  - (c) the Board shall not provisionally allocate any or all of the Disposal Shares to a Shareholder if such allocation would be reasonably likely, as determined in accordance with the Shareholders' Agreement, to give rise to a Licence Event or make any person a Relevant Person or (save with the consent in writing of Pearson) cause Pearson or any member of its Group to cease to be an Independent Producer.
  - (d) the Board shall not provisionally allocate any or all of

the Disposal Shares to a Shareholder if in its reasonable opinion such allocation (whether alone or when taken in combination with any other disposal or dealing which has taken place or is about to do so) would prejudice the ability of Shareholders to make the elections under Section 247 and Sections 402 to 413 (inclusive) of the Income and Corporation Taxes Act 1988.

Provisional allocations shall entitle and require a Bidding Shareholder to purchase Disposal Shares on terms of the relevant bid subject only to the Board not procuring third parties to purchase such shares in accordance with the following provisions.

- (iii) The Board shall then seek to procure within 60 days of the date of the Provisional Allocation Notice ("the Marketing Period") third parties (other than the Relevant Person) who are prepared to purchase all or any of the Disposal Shares with a view to securing an aggregate sale consideration in respect of the Disposal Shares which is in excess of that receivable from Shareholders alone under the terms of the sealed bids.
- (iv) If the Board is able to procure such third parties, it shall, on behalf of the Relevant Person (but subject to Article 4), dispose of all of the Disposal Shares during the period of 60 days from the closing date of the Marketing Period.
- (v) If, however, the Board shall procure third parties in respect of none or some only of the Disposal Shares, the Board shall forthwith give notice in writing to the Bidding Shareholders stating which of the provisional allocations have become unconditional so as to ensure that the Disposal Shares are disposed of (whether to third parties or to Bidding Shareholders) for the most favourable disposal consideration available (taking into account whether or not the Relevant Person is effectively released from or indemnified against its Funding Commitment) in view of sales made to third parties hereunder and the terms of sealed bids and provisional allocations made pursuant thereto. Those Bidding Shareholders whose allocations have become unconditional shall be bound to pay the price which they have bid in respect of the Disposal Shares (and if applicable, to procure the release or indemnification of the Relevant Person from its Funding Commitment in accordance with the terms of the relevant bid) and the Relevant Person shall be bound upon payment of such price to transfer the Disposal Shares concerned to the Relevant Bidding Shareholders. Such sale and purchase shall be completed at a place and time to be



appointed by the Board not being less than seven days nor more than 30 days after the date of such notice.

- (vi) Neither the Company nor any of its officers or agents shall be liable for any shortfall or alleged shortfall in the sale proceeds nor shall the Company be under any duty to the Relevant Person concerned to procure the release of or indemnification against his Funding Commitment upon such sale.

If, on a Required Disposal being made by the Board, Relevant Shares are held by more than one registered holder (treating joint holders of any Relevant Shares as a single holder), the Board shall cause as nearly as is practicable the same proportion of each registered holding, as is known to them, of such Relevant Shares to be sold.

- 10.3.3 For the purpose of effecting any Required Disposal, the Board may authorise some person to transfer the Shares and/or Loan Stock in question and may enter the name of the transferee in respect of the transferred Shares and/or Loan Stock in the appropriate register notwithstanding the absence of any share or other relevant certificate being lodged in respect thereof and may issue a new certificate to the transferee and an instrument of transfer executed by such person shall be as effective as if it had been executed by the registered holder of the Shares and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of such disposal shall be received by the Company whose receipt shall be a good discharge for the purchase money, and shall be paid (after deduction of any expenses incurred by the Board in connection with the sale) to the former registered holder (or, in the case of joint holders, the first named joint holder thereof in the register for the purpose), together with, if appropriate, a new certificate in respect of the balance of any Shares to which he is entitled, upon surrender by him or on his behalf of any certificates in respect of the Relevant Shares and (if appropriate) other securities sold and formerly held by him.

- 10.3.4 A registered holder of Relevant Shares upon whom a Relevant Person Notice or a Disposal Notice has been served under Article 10.3 shall not in respect of the Relevant Shares specified in the Relevant Person Notice or (as the case may be) Disposal Notice be entitled, until such time as such notice has been withdrawn or the notice has been complied with to the satisfaction of the Board, to attend or vote at any general meeting of the Company or meeting of the holders of any class of share capital of the Company or to sign any written resolution or to exercise its right to appoint or remove a Shareholders' Director. The rights to attend (whether in person or by proxy), to speak and to demand and vote on a poll which would have attached to such Relevant Shares had they not been Relevant Shares shall vest in the chairman of any such meeting. The manner

in which the chairman exercises or refrains from exercising any such rights shall be entirely at his discretion. The Board shall inform the chairman of any such meeting as aforesaid of any Ordinary Share becoming or being deemed to be a Relevant Share.

- 10.3.5 Without prejudice to the provisions of the Act and subject to the provisions of this Article the Board may assume without enquiry that a person is not a Relevant Person unless the information contained in the registers kept by the Company appear to the Board to indicate to the contrary or the Board has reason to believe otherwise.

#### **General Provisions relating to notices**

- 10.4.1 Any accidental error in or failure to give any notice to any person upon whom notice is required to be served under this Article shall not prevent the implementation of or invalidate any procedure or act under this Article.
- 10.4.2 The provisions of Article 28 shall apply to the service upon a Shareholder of any notice required by this Article to be served.

### **GENERAL MEETINGS**

#### **Extraordinary general meetings**

- 11.1 Any general meeting of the Company other than an annual general meeting shall be called an extraordinary general meeting.

#### **Annual general meetings**

- 11.2 The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Act.

#### **Calling of extraordinary general meetings**

- 11.3 The Board may convene an extraordinary general meeting whenever it thinks fit and, upon receipt of a requisition of Members pursuant to the provisions of the Act, shall forthwith proceed to do so for a date not later than eight weeks after deposit of the requisition at the office.

#### **Form of resolution**

- 11.4.1 Where for any purpose an ordinary resolution of the Company is required, a special or extraordinary resolution shall also be effective and where for any purpose an extraordinary resolution is required a special resolution shall also be effective.
- 11.4.2 A resolution in writing executed by or on behalf of each Member who would have been entitled to vote upon it if it had been proposed

at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting properly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more of the Members.

## **NOTICE OF GENERAL MEETINGS**

### **Length of Notice**

- 12.1 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or (save as provided by the Act) a resolution of which special notice has been given to the Company shall be called by not less than twenty-one clear days' notice in writing. All other extraordinary general meetings shall be called by not less than fourteen clear days' notice in writing. Every notice calling a general meeting shall specify the place, day and time of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company. The notice shall specify the general nature of the business to be transacted at the meeting; and if any resolution is to be proposed as an extraordinary resolution or as a special resolution, the notice shall contain a statement to that effect. In the case of an annual general meeting, the notice shall also specify the meeting as such. Notice of every general meeting shall be given to all Shareholders other than any who, under the provisions of these Articles or the terms of issue of the Shares they hold, are not entitled to receive such notices from the Company, and also to the auditors or, if more than one, to each of them.

Notwithstanding that a meeting of the Company is called by shorter notice than that specified in this Article, it shall be deemed to have been properly called if it is so agreed:-

(a) in the case of an annual general meeting, by all the Shareholders entitled to attend and vote at the meeting; and

(b) in the case of any other meeting, by a majority in number of the Shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the Shares giving that right.

### **Omission or non-receipt of notice**

- 12.2 The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send an instrument of proxy to, or the non-receipt of either or both by, any person entitled to receive the notice shall not invalidate the proceedings at that meeting.

## **PROCEEDINGS AT GENERAL MEETINGS**

### **Quorum**

- 13.1 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the meeting. Save as otherwise provided by these Articles, Shareholders present in person or by proxy and entitled to vote representing two-thirds by nominal value of the issued Ordinary Shares shall be a quorum for all purposes.

### **Procedure if quorum not present**

- 13.2 If within fifteen minutes (or such longer time not exceeding one hour as the chairman of the meeting may decide to wait) after the time appointed for the commencement of the meeting a quorum is not present or if during the meeting a quorum ceases to be present, if convened on the requisition of members, the meeting shall be dissolved. In any other case, the meeting shall stand adjourned to such time and place (being not less than seven nor more than twenty eight days thereafter) as may be fixed by the chairman of the meeting. At the adjourned meeting any one holder of Ordinary Shares present in person or by proxy (whatever the number of Shares held by that Shareholder) shall be a quorum. The Company shall give at least five clear days' notice in writing of any meeting adjourned through lack of a quorum and such notice shall state the quorum requirement.

### **Chairman of general meeting**

- 13.3 The chairman of the Board or, in his absence, such deputy chairman (if any) as the Board shall have agreed or agree shall preside as chairman at every general meeting. If there is no chairman or no such deputy chairman, or if at any meeting neither the chairman nor any such deputy chairman is present within fifteen minutes after the time appointed for the commencement of the meeting, or if neither the chairman nor any such deputy chairman is willing to act as chairman, the directors present shall choose one of their number to act, or if one director only is present he shall preside as chairman if willing to act. If no director is present, or if each of the directors present declines to take the chair, the persons present and entitled to vote shall appoint one of their number to be chairman.

### **Directors' right to attend and vote**

- 13.4 Each director shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of Shares in the Company.

### **Adjournments**

- 13.5 The chairman of the meeting may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting

from time to time (or sine die) and from place to place. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

#### **Notice of adjournment**

- 13.6 When a meeting is adjourned for three months or more or sine die (in which latter case the date, time and place of the adjourned meeting shall be fixed by the directors), notice of the adjourned meeting shall be given as in the case of an original meeting. Otherwise, save as otherwise provided in these Articles, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### **Amendments to resolutions**

- 13.7 If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special or extraordinary resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may be considered or voted on.

#### **Auditors' right to attend General Meetings**

- 13.8 The auditors shall be entitled to attend any General Meeting and to receive all notices of and other communications relating to any General Meeting which any member is entitled to receive and to be heard at any General Meeting on any part of the business of the meeting which concerns them as auditors.

### **VOTING**

#### **Votes of members**

- 14.1 Subject to the provisions of these Articles (including, without limitation, pursuant to Article 10.3.4), on a show of hands every holder of Voting Ordinary Shares who is present in person at a general meeting of the Company shall have one vote, and on a poll every holder of Voting Ordinary Shares who is present in person or by proxy shall have one vote for every Voting Ordinary Share of which he is the holder. A Shareholder who is a Relevant Person or the holder of Relevant Shares shall be subject to the restrictions contained in Article 10.3.4.

#### **Method of voting**

- 14.2 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is properly demanded. Subject to the Act, a poll may be demanded by:-
- (a) the chairman of the meeting, or

- (b) at least two Shareholders present in person or by proxy entitled to vote, or
- (c) any Shareholder or Shareholders present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all the Shareholders having the right to attend and vote at the meeting, or
- (d) any Shareholder or Shareholders present in person or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

Unless a poll is so demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.

#### **Procedure if poll demanded**

- 14.3 If a poll is properly demanded it shall be taken in such manner as the chairman shall direct and he may appoint scrutineers who need not be Shareholders and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

#### **When poll to be taken**

- 14.4 A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or on such date (being not later than thirty days after the date of the demand) and at such time and place as the chairman shall direct. It shall not be necessary unless the chairman otherwise directs) for notice to be given of a poll.

#### **Continuance of other business after poll demand**

- 14.5 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded, and it may be withdrawn with the consent of the chairman at any time before the close of the meeting or the taking of the poll, whichever is the earlier, and in that event shall not invalidate the result of a show of hands declared before the demand was made.

#### **Voting on a poll**

- 14.6 On a poll votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

#### **Casting vote of chairman**

- 14.7 In the case of an equality of votes at a general meeting, whether on a show of hands or on a poll, the chairman of the meeting shall not be entitled to an additional or casting vote.

#### **Votes of joint holders**

- 14.8 In the case of joint holders of a Share the vote of the senior 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, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

#### **No right to vote where sums overdue on shares**

- 14.9 No Shareholder shall, unless the Board otherwise decides, be entitled to vote either personally or by proxy at any general meeting of the Company or at any separate general meeting of the holders of any class of Shares in the Company unless all calls or other sums presently payable by him in respect of Shares have been paid.

#### **Suspension of voting rights where non-disclosure of interests**

- 14.10 Where the holder of any Shares in the Company fails to comply with any notice given by the Company under the Act within the time specified in such notice or within twenty-one days with a Disclosure Notice (as defined in Article 10.1) the Company may, in addition to any other remedy it may have under these Articles, the Act or otherwise, give the holder a further notice to the effect that from the service of the further notice the Shares will not confer on the holder any right to attend or vote either personally or by proxy at any general meeting of the Company or at any separate general meeting of the holders of Shares of the same class until the former notice has been complied with and accordingly those Shares shall not confer any right to attend or vote. Any further notice given pursuant to this Article may be cancelled by the Board at any time and shall automatically cease to have effect in respect of any Shares transferred upon registration of the relevant transfer.

#### **Objections or errors in voting**

- 14.11 If:-

- (a) any objection shall be raised to the qualification of any voter, or
- (b) any votes have been counted which ought not to have been counted or which might have been rejected, or
- (c) any votes are not counted which ought to have been counted,

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless it is raised or pointed out at the meeting or, as the

case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be conclusive.

#### **Voting on behalf of incapable Member**

- 14.12 A Member in respect of whom an order has been made by any competent court or official on the ground that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote, whether on a show of hands or on a poll, by any person authorised in such circumstances to do so on his behalf and that person may vote on a poll by proxy, provided that evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to vote has been delivered at the office (or at such other place as may be specified in accordance with these Articles for the delivery of instruments appointing a proxy) not later than the last time at which an instrument of proxy should have been delivered in order to be valid for use at that meeting or on the holding of that poll.

### **PROXIES**

#### **Execution of Proxies**

- 15.1 An instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign it. A proxy need not be a member of the Company.

#### **Delivery of proxies**

- 15.2 The instrument appointing a proxy and (if required by the Board) any authority under which it is executed or a copy of the authority, certified notarially or in some other manner approved by the Board, may be delivered to the office (or to such other place in the United Kingdom as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any accompanying document) not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, not less than twenty-four hours before the time appointed for the taking of the poll and an instrument of proxy which is not so delivered shall be invalid. Delivery of an instrument appointing a proxy shall not preclude a Shareholder from attending and voting in person at the meeting or poll concerned.

#### **Maximum validity of proxy**

- 15.3 No instrument appointing a proxy shall be valid after twelve months have elapsed



from the date named in it as the date of its execution.

#### **Form of proxy**

- 15.4 Instruments of proxy shall be in any usual form or in such other form as the Board may approve and the Board may, if it thinks fit, but subject to the provisions of the Act, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated in it, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

#### **Cancellation of proxy's authority**

- 15.5 A vote given or poll demanded by a proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll, unless notice in writing of the determination was received by the Company at the office (or such other place in the United Kingdom as was specified for the delivery of instruments of proxy in the notice convening the meeting or other accompanying document) before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

### **INCORPORATED MEMBERS**

16. Any corporation or corporation sole which is a Shareholder of the Company may (in the case of a corporation, by resolution of its directors or other governing body) authorise such person or persons as it thinks fit to act as its representative (or, as the case may be, representatives) at any meeting of the Company or at any separate meeting of the holders of any class of Shares. A person so authorised shall be entitled to exercise the same power on behalf of the grantor of the authority (in respect of that part of the grantor's holding to which his authorisation relates, in the case of an authorisation of more than one person) as the grantor could exercise if it were an individual Shareholder of the Company, and the grantor shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present at it.

### **DIRECTORS**

#### **Number and appointment of directors**

- 17.1 The directors shall be not less than two nor more than nine in number of whom one shall be the Chairman and no more than two may be directors other than the Chairman or Shareholder Directors. The Board shall have the right from time to time to nominate and appoint Directors.

#### **Directors' fees**

- 17.2 Each of the directors shall be paid a fee at such rate as may from time to time be determined by the Board.

#### **Appointment of Shareholders Directors**

- 17.3.1 Each Member holding 15 per cent. or more in nominal amount of the issued Voting Ordinary Shares shall have the right (exercisable by notice in writing to the Company delivered to the office) from time to time to appoint one director of the Company (a "Shareholder Director") and to remove from office any such person so appointed and to appoint another person in his place.
- 17.3.2 No resolution of the Company in general meeting to remove from office any Shareholder Director shall be effective unless a poll is taken and, in respect of any such resolution, the Member or Members who appointed the said Shareholder Director shall be entitled to cast in person or by proxy or corporate representative such number of votes in respect of that Member's holding of Shares as shall be sufficient to defeat the resolution unless the member is under a duty to remove the Shareholder Director pursuant to Article 17.4.

#### **Resignation of Shareholder Directors**

- 17.4 Upon completion of the transfer of all of its Shares by a Member, or if a Member becomes a Relevant Person, or where the holding of such Member becomes less than 15 per cent in nominal amount of the issued Voting Ordinary Shares, such Member shall procure the resignation of all or any Shareholder Directors appointed to the Board by that Member.

#### **Appointment of Executive Directors**

- 17.5 The Board shall have the right from time to time to nominate and appoint Executive Directors to the Board (provided that the maximum number of Executive Directors at any time shall be two) or remove from office any Executive Director.

#### **Appointment of Chief Executive Officer**

- 17.6 The Board may appoint an Executive Director to be the Chief Executive Officer, and may at any time remove him from that office.

#### **Age of directors**

- 17.7 No director shall vacate or be required to vacate his office as a director on or by reason of his attaining or having attained the age of 70 or any other age and any director or any person may be re-appointed or appointed, as the case may be, as a director notwithstanding that he had then attained the age of 70, and no special notice need be given of any resolution for the re-appointment or appointment or

approval of the appointment of a director at any age and it shall not be necessary to give the Members of the Company notice of the age of any director or person proposed to be so re-appointed or appointed.

#### **Vacation of office by directors**

17.8 Notwithstanding the other provisions of this Article 17, the office of director shall be vacated if the director:-

- (a) becomes bankrupt or insolvent or makes any arrangement or composition with his creditors generally; or
- (b) becomes prohibited from being a director by reason of any order made under the Company Directors Disqualification Act 1986 or otherwise prohibited by law from being a director; or
- (c) becomes of unsound mind or a patient within the terms of the Mental Health Act 1983 (or any modification or re-enactment thereof) or any statute relating to mental health and the remaining directors direct by notice in writing to the Company that such office should be vacated; or
- (d) resigns his office by notice in writing to the Company; or
- (e) is sentenced to a term of imprisonment (whether or not suspended); or
- (f) is absent without the permission of the Board from meetings of the Board for twelve consecutive months and the Board resolves that his office is vacated; or
- (g) (except in the case of a Shareholder Director) receives written notice signed by all the other Directors removing him from office without prejudice to any claim which such director may have for damages for breach of any contract of service between him and the Company; or
- (h) in the case of a Director (other than a Shareholder Director) who holds any executive office, ceases to hold such office (whether because his appointment is terminated or expires) and the majority of the other Directors resolve that his office be vacated.

#### **ITC approval**

17.9 A person may only be appointed director pursuant to this Article 17 with the prior written approval of the ITC, if the ITC has previously notified the Company that such approval is required.

#### **Shareholding qualification**

17.10 No shareholding qualification for directors shall be required.

### **Appointment of alternate**

- 17.11 Any director (other than an alternate director) may appoint any other director, or any other person willing to act, to be an alternate director and may remove from office an alternate director so appointed by him and the provisions of these Articles shall apply as if he (instead of his appointor) were a director. If he shall be himself a director or shall act as an alternate for more than one director, he shall not be counted more than once for the purposes of the quorum at meetings of the Board.

An alternate director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a director, but he shall not be entitled to receive from the Company in respect of his appointment as alternate director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may, by notice in writing to the Company, from time to time direct.

### **Functions of alternate**

- 17.12 An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member, to attend and vote at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence.

### **Alternate's appointor ceases to be a director**

- 17.13 An alternate director shall cease to be an alternate director if his appointor ceases to be a director; but, if a director retires but is reappointed or deemed to have been reappointed to the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue after his reappointment.

### **Notice of appointment or removal of alternate**

- 17.14 Any appointment or removal of an alternate director shall be by notice to the Company signed by the director making or revoking the appointment or in any other manner approved by the directors.

### **Responsibility of alternate for own acts**

- 17.15 Save as otherwise provided in the Articles, an alternate director shall be deemed for all purposes to be a director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

## **ASSOCIATE AND OTHER DIRECTORS**

18. The Board may from time to time, and at any time, pursuant to this Article appoint any other persons to any post with such descriptive title including that of director

(whether as associate, executive, group, divisional, departmental, deputy, assistant, local or advisory director or otherwise) as the Board may determine and may define, limit vary and restrict the powers, authorities and discretions of persons so appointed and may fix and determine their remuneration and duties, and subject to any contract between him and the Company may remove from such post any person so appointed. A person so appointed shall not be a director of the Company for any of the purposes of these Articles or of the Act, and accordingly shall not be a member of the Board or (subject to Articles 21.3 and 22.9) of any committee hereof, nor shall he be entitled to be present at any meeting of the Board or of any such committee, except at the request of the Board or of such committee, and if present at such request he shall not be entitled to vote thereat.

### **ADDITIONAL REMUNERATION EXPENSES AND PENSIONS**

#### **Additional remuneration**

- 19.1 Any director who, by request, goes or resides abroad for any purposes of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine in addition to any remuneration provided for by or pursuant to any other Article.

#### **Expenses**

- 19.2 Each director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees of the Board or general meetings of the Company or any other meeting which as a director he is entitled to attend and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a director.

#### **Pensions and gratuities for directors**

- 19.3 The Board may exercise all the powers of the Company to provide benefits, either by the payment of gratuities or pensions or by insurance or in any other manner whether similar to the foregoing or not, for any director or former director or the relations, connections or dependants of any director or former director who may hold or may have held an executive or other office or place of profit under the Company or any body corporate which is or has been its subsidiary or any predecessor in business of the Company. No director or former director shall be accountable to the Company or the Shareholders for any benefit provided pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.

## DIRECTORS' INTERESTS

### Permitted interests and voting

- 20.1.1 Subject to the provisions of the Act and of Article 20.1.11, no director or proposed or intending director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any contract in which any director is in any way interested be liable to be avoided, nor shall any director who is so interested be liable to account to the Company or the Members for any remuneration, profit or other benefit realised by the contract by reason of the director holding that office or of the fiduciary relationship thereby established.
- 20.1.2 A director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director for such period (subject to the provisions of the Act) and upon such other terms as the Board may decide, and may be paid such extra remuneration for so doing (whether by way of salary, commission, participation in profits or otherwise) as the Board may decide, and either in addition to or in lieu of any remuneration provided for by or pursuant to any other Article.
- 20.1.3 A director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested or as regards which it has any power of appointment, and shall not be liable to account to the Company or the Shareholders for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in the other company.
- 20.1.4 The Board may also cause any voting power conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit, including the exercise of the voting power or power of appointment in favour of the appointment of the directors of the Company or any of them as directors or officers of the other company, or in favour of the payment of remuneration to the directors or officers of the other company.
- 20.1.5 A director may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director.
- 20.1.6 A director shall not vote on or be counted in the quorum in relation to any resolution of the Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment, or the settlement or variation of the terms or the termination of the appointment, of two or more directors to offices or places of profit with the Company or any other

company in which the Company is interested, a separate resolution may be put in relation to each director and in that case each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns his own appointment or the settlement or variation of the terms or the termination of his own appointment or the appointment of another director to an office or place of profit with a company in which the Company is interested and the director seeking to vote or be counted in the quorum owns one per cent. or more of it.

20.1.7 Save as otherwise provided by these Articles, a director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board in respect of any contract in which he is to his knowledge materially interested or (in the case of a Shareholder Director) in which the Shareholder or Shareholders which appointed him is or are Interested Shareholder(s) or any determination of the Board pursuant to Clause 20 of the Shareholders' Agreement in relation to which the Shareholder which appointed a Shareholder Director is an Interested Shareholder or a resolution of the Board pursuant to Article 10.3.1 in relation to which the Shareholder which appointed a Shareholder Director is an Interested Shareholder and, if he shall do so, his vote shall not be counted, but this prohibition shall not apply to any resolution concerning any of the following matters:-

- (i) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him for the benefit of the Company or any of its subsidiaries,
- (ii) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security,
- (iii) any contract concerning any other company (not being a company in which the director owns one per cent. or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever, provided that a Shareholders' Director shall not be permitted to vote on, or be counted in any matter in respect of which the Shareholder which appointed him is an Interested Shareholder,
- (iv) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors and employees of the Company or of any of its subsidiaries and does not provide in respect of any director as such any special privilege or advantage not accorded to the employees to which the fund or scheme relates,
- (v) any contract for the benefit of employees of the Company or of any of its subsidiaries, including without limitation any contract concerning an employees' share scheme, under which he benefits in

a similar manner as the employees and which does not accord to any director as such any special privilege or advantage not accorded to the employees to whom the contract relates,

- (vi) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any directors of the Company or for persons who include directors of the Company provided that for the purposes of this Article, "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him as is referred to in Article 31 or any other insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any groups of persons consisting of or including directors.

For the purposes of this Article 20.1.7 a member shall be an "Interested Shareholder" in respect of:-

- (a) any agreement, transaction or arrangement in or to which such Member, or any member of its Group, is a party;
- (b) the sale, assignment, transfer, disposal, disenfranchisement or other dealing with Shares held by that Member or any member of its Group;
- (c) the giving of any guarantee or indemnity by the Company for the obligations or liabilities of that Member or any member of its Group; or
- (d) a determination by the Board pursuant to Clause 20.1 of the Shareholders' Agreement that that Member or any member of its Group is or is likely to become a Relevant Person or has caused or is likely to cause a Licence Event or a resolution of the Board pursuant to Article 10.3.1 in relation to that member.

20.1.8 A company shall be deemed to be one in which a director owns one per cent. or more if and so long as (but only if and so long as) he is (either directly or indirectly) the holder of, or beneficially interested in, one per cent. or more of any class of the equity share capital of that company or of the voting rights available to shareholders of that company. For the purpose of this paragraph of this Article there shall be disregarded any shares held by the director as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which his interest is in reversion or remainder if and so long as some other person is entitled to receive the income of the trust and any shares comprised in an authorised unit trust scheme in which he is interested only as a unit holder.

20.1.9 Where a company in which a director owns one per cent. or more is materially interested in a contract, he also shall be deemed materially interested in that contract.



- 20.1.10 If any question shall arise at any meeting of the Board as to the materiality of the interest of a director (other than the chairman of the meeting) or as to the entitlement of any director (other than the chairman of the meeting) to vote or be counted in the quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, the question shall be referred to the chairman of the meeting and his ruling in relation to the director concerned shall be conclusive except in a case where the nature or extent of his interest (so far as it is known to him) has not been fairly disclosed to the Board. If any question shall arise in respect of the chairman of the meeting, the question shall be decided by a resolution of the Board (for which purpose the chairman shall be counted in the quorum but shall not vote on the matter) and the resolution shall be conclusive except in a case where the nature or extent of the interest of the chairman (so far as it is known to him) has not been fairly disclosed to the Board.
- 20.1.11 A director who to his knowledge is in any way, whether directly or indirectly, interested in a contract with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Article, a general notice to the Board by a director to the effect that (a) he is a shareholder of a specified company or firm and is to be regarded as interested in any contract which may after the date of the notice be made with that company or firm or (b) he is to be regarded as interested in any contract which may after the date of the notice be made with a specified person who is connected with him, shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract; provided that no such notice shall be effective unless either it is given at a meeting of the Board or the director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given. An interest of a person which, had such interest been an interest in shares of the Company, would be required to be disclosed by a director pursuant to section 324 and Schedule 13 of the Act, shall be treated as an interest of the director except that an interest (whether of his or of such a person) of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.
- 20.1.12 References in this Article to a contract include references to any proposed contract and to any transaction or arrangement whether or not constituting a contract.
- 20.1.13 Subject to the provisions of the Act, the Company may by ordinary resolution suspend or relax the provisions of this Article to any extent or ratify any contract not properly authorised by reason of a contravention of this Article.

## **POWERS AND DUTIES OF THE BOARD**

### **General powers of Company vested in Board**

- 21.1 Subject to the provisions of the Act, the memorandum of association of the Company and these Articles and to any directions given by the Company in general meeting by special resolution, the business of the Company shall be managed by the Board which may exercise all the powers of the Company whether relating to the management of the business of the Company or not. No alteration of the memorandum of association or these Articles and no special resolution shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that resolution had not been passed. The powers given by this Article shall not be limited by any special power given to the Board by any other Article.

### **Powers of attorney**

- 21.2 The Board may, by power of attorney or otherwise, appoint any person or persons to be the attorney or attorneys of the Company upon such terms (including terms as to remuneration) as it may decide and may delegate to any person or persons so appointed any of its powers, authorities and discretions (with power to sub-delegate). The Board may remove any person or persons appointed under this Article and may revoke or vary the delegation but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

### **Delegations to individual directors**

- 21.3 The Board may entrust to and confer upon any director any of its powers, authorities and discretions upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, authorities and discretions and may from time to time revoke or vary all or any of them but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

### **Official seals**

- 21.4 The Company may exercise all the powers conferred by the Act with regard to having official seals, and those powers shall be vested in the Board.

### **Provisions for employees**

- 21.5 The Board may exercise any power conferred by the Act to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

## PROCEEDINGS OF THE BOARD

### Board meetings

- 22.1 The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A director at any time may, and the secretary on the requisition of a director at any time shall, summon a Board meeting.

### Notice of Board meetings

- 22.2 Unless otherwise agreed in writing by each member of the Board, at least fourteen clear days' notice shall be given of each meeting of the Board (except in the case of an emergency in which case the director who has summoned, or requisitioned the secretary to summon, the Board meeting shall state that, in his opinion, it is an emergency and shall describe in reasonable detail in the notice convening the meeting the circumstances constituting such emergency, when such notice as is reasonably practicable shall suffice). Notice of a Board meeting shall be deemed to be properly given to a director if it is given to him personally or sent in writing to him at his last known address or any other address given by him to the Company for this purpose. Such notice shall specify in as great a detail as is practicable the business to be considered at that meeting. Subject to the fiduciary duties of the members of the Board, no material matters shall be discussed or resolved save for those specified in (or reasonably incidental to those specified in) the relevant notice. A director absent or intending to be absent from the United Kingdom may request the Board that notices of Board meetings shall during his absence be sent in writing to him at an address given by him to the Company for this purpose, but such notices need not be given any earlier than notices given to directors not so absent and if no request is made to the Board it shall not be necessary to give notice of a Board meeting to any director who is for the time being absent from the United Kingdom. A director may waive notice of any meeting either prospectively or retrospectively.

Any Shareholder Director may require that he is accompanied to a meeting of the Board by one or two observers provided that he has given at least five clear days notice of such requirement to the Chairman, naming the observer or observers and describing how he or they might contribute to the business to be considered at the relevant meeting. The Chairman shall forthwith notify each other Shareholder Director of such requirement and any such director may, on reasonable grounds, object to the attendance of any such observer at any time prior to the holding of the relevant meeting, in which case such observer shall not be entitled to attend the relevant meeting.

### Quorum

- 22.3 The quorum necessary for the transaction of the business of the Board shall be three directors, of whom at least two shall be Shareholder Directors provided that at any meeting only one of the directors present need be a Shareholder Director if at least one of the other Shareholder Directors has given his consent.

Subject to the provisions of these Articles, any director who ceases to be a director at a Board meeting may continue to be present and to act as a director and be counted in the quorum until the termination of the Board meeting if no other director objects and if otherwise a quorum of directors would not be present. If within fifteen minutes of the time appointed for holding the meeting a quorum is not present, the Board meeting shall stand adjourned to the same time and place on the third Business Day following the Board meeting (and so far as practicable notice of such adjournment and the reasons therefor shall be given to each of the members of the Board, but failure to do so shall not invalidate the proceedings at the adjourned meeting).

#### **Directors below minimum through vacancies**

- 22.4 The continuing directors or a sole continuing director may act notwithstanding any vacancy in their number but, if and so long as the number of directors is reduced below the minimum number fixed by or in accordance with these Articles, the continuing directors or director, notwithstanding that the number of directors is below the number fixed by or in accordance with these Articles as the quorum or that there is only one continuing director, may act for the purpose of filling vacancies or of summoning general meetings of the Company but not for any other purpose.

#### **Appointment of chairman**

- 22.5 All those members who individually hold 15 per cent or more of the Voting Ordinary Shares may together appoint a director to be the chairman of the Board. Unless he is unwilling to do so, the chairman or failing him such deputy chairman shall act as chairman of every meeting of the Board.

#### **Absence of chairman**

- 22.6 If at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting and willing to act, the directors present may choose another of their number who is present to be chairman of the meeting.

#### **Competence of meetings**

- 22.7 A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.

#### **Voting**

- 22.8 Except as otherwise provided in these Articles, at any meeting of the Board, each director shall be entitled to cast one vote on each matter put to the vote save that any Shareholder Director upon whose appointment a Disposal Notice has been served shall cease to be so entitled. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting 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 further vote in addition to his own vote and an alternate director who is appointed by two or more directors shall be entitled to a separate vote on behalf of each of his appointors in the appointor's absence.

#### **Delegation to committees**

- 22.9 The Board may, for such purposes as it may be required by law or as it may consider appropriate, resolve to delegate any of its powers, authorities and discretions (including without prejudice to the generality of the foregoing all powers and discretions whose exercise involves or may involve the payment of remuneration to or the conferring of any other benefit on all or any of the directors) (with power to sub-delegate) to any committee, consisting of such person or persons (whether a member or members of its body or not) as it thinks fit, provided that the majority of the members of the committee are directors of the Company and that no meeting of the committee shall be quorate for the purpose of exercising any of its powers, authorities or discretions unless such meeting would have been quorate had it been a meeting of the Board. Any Shareholder Director may by notice in writing to the Board require his appointment to any such committee or require his attendance at any meeting of any such committee (in which case he will be entitled to receive notice of and the agenda for such meeting). Where a Shareholder Director has required his attendance at any such meeting his failure to attend shall not render such meeting inquorate. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board.

#### **Resolution in writing**

- 22.10 A resolution in writing executed by all the directors for the time being entitled to receive notice of a meeting of the Board (if that number is sufficient to constitute a quorum) or by all the members of a committee for the time being shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of the committee properly called and constituted. The resolution may be contained in one document or in several documents in like form each executed by one or more of the directors or the members of the committee concerned.

#### **Validity of acts of Board or committee**

- 22.11 All acts done by the Board or by any committee or by any person acting as a director or member of a committee shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or committee or person so acting or that they or any of them were disqualified or had vacated office, be as valid as if each such member or person had been properly appointed and was qualified and had continued to be a director or member of the committee.

### **Board meetings by telephone**

- 22.12 Any director or alternate director may validly participate in a meeting of the Board or a committee of the Board through the medium of conference telephone or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to the Act, all business transacted in such manner by the Board or a committee of the Board shall for the purpose of these Articles be deemed to be validly and effectively transacted at a meeting of the Board or a committee of the Board notwithstanding that fewer than two directors or alternate directors are physically present at the same place. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

### **SEALS**

23. The Board shall provide for the custody of every seal. A seal shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf. Subject as otherwise provided in these Articles, any instrument to which the common seal is applied shall be signed by at least one director and the secretary or by at least two directors or by any other person or persons duly authorised by the Board either generally or in relation to specific instruments or instruments of specific descriptions and any instrument to which an official seal is applied need not, unless the Board for the time being otherwise decides or the law otherwise requires, be signed by any person. Any instrument signed by one director and the secretary or by two directors and expressed to be executed by the Company shall have the same effect as if executed under the seal, provided that no instrument which makes it clear on its face that it is intended to have effect as a deed shall be so signed without the authority of the directors or of a committee authorised by the directors in that behalf.

### **DIVIDENDS AND OTHER PAYMENTS**

#### **Declaration of dividends by the Company**

- 24.1 Subject to the provisions of the Act, the Company may by ordinary resolution from time to time declare dividends in accordance with the respective rights of the Shareholders, but no dividend shall exceed the amount recommended by the Board.

#### **Payment of interim dividends by the Board**

- 24.2 Subject to the provisions of the Act, the Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company and may also pay any dividends payable at a fixed rate at intervals settled by the Board whenever the financial position of the Company, in the opinion of the Board, justifies its payment. If the Board acts in good faith, it shall not incur any liability to the holders of Shares conferring preferred rights for any loss they may suffer in

consequence of the payment of an interim dividend on any Shares having non-preferred or deferred rights.

**Dividends paid according to amount of, and period during which, Shares paid up**

24.3 Except in so far as the rights attaching to, or the terms of issue of, any Share otherwise provide:-

- (a) all dividends shall be declared and paid according to the amounts paid up on the Shares in respect of which the dividend is paid, but no amount paid up on a Share in advance of calls shall be treated for the purposes of this Article as paid up on the Share, and
- (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid.

**Payment of dividends otherwise than in cash**

24.4 Any general meeting declaring a dividend may, upon the recommendation of the Board, direct payment or satisfaction of such dividend wholly or partly by the distribution of specific assets and in particular of fully paid shares or debentures of any other company, and the Board shall give effect to such direction. Where any difficulty arises in regard to such distribution, the Board may settle it as it thinks expedient, and in particular may issue fractional certificates (or ignore fractions) and fix the value for distribution of such specific assets or any part thereof and may determine that cash payment shall be made to any members upon the footing of the value so fixed in order to adjust the rights of those entitled to participate in the dividend, and may vest any such specific assets in trustees, upon trust for the members entitled to the dividend, as may seem expedient to the Board.

**Amounts due on Shares may be deducted from dividends**

24.5 The Board may deduct from any dividend or other moneys payable to a Shareholder by the Company on or in respect of any Shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of Shares.

**No interest on dividends**

24.6 No dividend or other moneys payable by the Company on or in respect of any Share shall bear interest against the Company.

**Payment procedure**

24.7 Any dividend or other sum payable by the Company in respect of a Share may be paid by cheque or warrant sent by post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the register in respect of the Shares at his address as appearing in the

register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of the Shares, and shall be sent at his or their risk, and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. In addition, any such dividend or other sum may be paid by any bank or other funds transfer system or such other means and to or through such person as the holder or joint holders may in writing direct, and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where it has acted on any such directions. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the Shares held by them. Where a person is entitled by transmission to a Share, any dividend or other sum payable by the Company in respect of the Share may be paid as if he was a holder of the Share and his address noted in the register was his registered address.

## **CAPITALISATION OF RESERVES**

### **Power to capitalise reserves and funds**

- 25.1 The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that the amount to be capitalised be set free for distribution among the Shareholders or any class of Shareholders who would be entitled to it if it were distributed by way of dividend and in the same proportions, on the footing that it is applied either in or towards paying up the amounts for the time being unpaid on any Shares in the Company held by those Shareholders respectively or in paying up in full unissued Shares, debentures or other obligations of the Company to be allotted and distributed credited as fully paid up among those Shareholders, or partly in one way and partly in the other, but so that, for the purposes of this Article, a share premium account and a capital redemption reserve, and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued Shares of the Company. The Board may authorise any person to enter into an agreement with the Company on behalf of the persons entitled to participate in the distribution providing for the allotment to them respectively of any Shares, debentures or other obligations of the Company to which they are entitled on the capitalisation and the agreement shall be binding on those persons.

### **Settlement of difficulties in distribution**

- 25.2 Where any difficulty arises in regard to any distribution of any capitalised reserve or fund the Board may settle the matter as it thinks expedient and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may



determine that cash payments shall be made to any Shareholders in order to adjust the rights of all parties, as may seem expedient to the Board.

## **RECORD DATES**

### **Power to choose any record date**

26. Subject to provisions of the Act, notwithstanding any other provision of these Articles the Company or the Board may fix any date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time before or after any date on which the dividend, distribution, allotment or issue is declared, paid or made.

## **ACCOUNTING RECORDS**

### **Records to be kept**

- 27.1 The Board shall cause to be kept accounting records sufficient to give a true and fair view of the state of the Company's affairs and to show and explain its transactions, in accordance with the Act.

### **Inspection of records**

- 27.2 The accounting records shall be kept at the office or, subject to the provisions of the Act, at such other place or places as the Board may think fit and shall always be open to inspection by the officers of the Company.

## **SERVICE OF NOTICES AND OTHER DOCUMENTS**

### **Service of notices**

- 28.1 Any notice or other document (including a share certificate) may be served on or delivered to any Shareholder by the Company either personally or by sending it through the post addressed to the Shareholder at his registered address or by leaving it at that address addressed to the Shareholder. In the case of joint holders of a Share, service or delivery of any notice or other document on or to one of the joint holders shall for all purposes be deemed a sufficient service on or delivery to all the joint holders.

### **Shareholders resident abroad**

- 28.2 Any Shareholder whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be served upon him shall be entitled to have notices served upon him at that address but, unless he does so, shall not be entitled to receive any notice from the Company.

**When notice by post deemed to be served**

- 28.3 Any notice or other document, if sent by post, shall be deemed to have been served or delivered on the day following that on which it was put in the post and, in proving service or delivery, it shall be sufficient to prove that the notice or document was properly addressed, prepaid and put in the post. Any notice or other document not sent by post but left at a registered address shall be deemed to have been served or delivered on the day it was so left.

**Service of notice on person entitled by transmission**

- 28.4 Where a person is entitled by transmission to a Share, any notice or other document shall be served upon or delivered to him, as if he was the holder of that Share and his address noted in the register was his registered address. Otherwise, any notice or other document served on or delivered to an Member pursuant to these Articles shall, notwithstanding that the Member is then dead or bankrupt or that any other event giving rise to the transmission of the Share by operation of law has occurred and whether or not the Company has notice of the death, bankruptcy or other event, be deemed to have been properly served or delivered in respect of any Share registered in the name of that Member as sole or joint holder unless, before the day of posting (or, if it is not sent by post, before the day of service or delivery) of the notice or document, his name has been removed from the register as the holder of the Share. Service or delivery in the foregoing manner shall be deemed for all purposes a sufficient service or delivery of the notice or document on all persons interested (whether jointly with or as claiming through or under him) in the Share.

**Presumptions where documents destroyed**

- 28.5 If the Company destroys

- (a) any share certificate which has been cancelled at any time after a period of one year has elapsed from the date of cancellation, or
- (b) any instruction concerning the payment of dividends or other moneys in respect of any Share or any notification of change of name or address at any time after a period of two years has elapsed from the date the instruction or notification was recorded by the Company, or
- (c) any instrument of transfer of Shares which has been registered at any time after a period of six years has elapsed from the date of registration, or
- (d) any other document on the basis of which any entry is made in the register at any time after a period of six years has elapsed from the date the entry was first made in the register in respect of it

and the Company destroys the document in good faith and without express notice that its preservation was relevant to a claim, it shall be presumed irrefutably in favour of the Company that every share certificate so destroyed was a valid

certificate and was properly cancelled, that every instrument of transfer so destroyed was a valid and effective instrument of transfer and was properly registered and that every other document so destroyed was a valid and effective document and that all particulars of it which are recorded in the books or records of the Company were correctly recorded. Nothing contained in this Article shall be construed as imposing upon the Company any liability by reason only of the destruction of any document of the kind mentioned above before the relevant period mentioned in this Article has elapsed or of the fact that any other condition precedent to its destruction mentioned above has not been fulfilled. References in this Article to the destruction of any document include references to its disposal in any manner.

## **WINDING UP**

### **Distribution of assets otherwise than in cash**

29. If the Company commences liquidation, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act,
- (a) divide among the Shareholders in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and, for that purpose, set such values as he deems fair upon any property to be divided and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders, or
  - (b) vest the whole or any part of the assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit

but no Shareholder shall be compelled to accept any Shares or other assets upon which there is any liability.

## **INDEMNITY**

### **Indemnity of officers**

30. Subject to the provisions of, and so far as may be permitted by, the Act, every director, secretary, employee or officer of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him or them in the execution and discharge of his duties or in relation thereto, including (without prejudice to the generality of the foregoing) any liability incurred by him as a director, secretary, employee or officer of the Company, in defending any proceedings (whether civil or criminal) in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under the Act in which relief from liability is granted to him by the court.

## INSURANCE

31. Subject to the provisions of the Act, the Board shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers, employees or auditors of the Company, or of any company or body which is its holding company or in which the Company or such holding company has an interest whether direct or indirect or which is in any way allied to or associated with the Company or who were at any time trustees of any pension fund in which any employees of the Company or of any other such company or body are interested including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company and/or any such other company, body or pension fund.

**Registered No: 3012148**

**THE COMPANIES ACT 1985**

---

**PRIVATE COMPANY LIMITED BY SHARES**

---

**MEMORANDUM OF ASSOCIATION**

**- of -**

**CHANNEL 5 BROADCASTING LIMITED**

---

1. The Company's name is CHANNEL 5 BROADCASTING LIMITED.
2. The Company's registered office is to be situated in England and Wales.
3. The Company's objects are:-

(A) To construct, erect, provide, equip and operate stations, studios, and other premises for sound and television broadcasting purposes anywhere in the world and to act as engineers, contractors and technical commercial and artistic consultants in connection with any such activities. To carry on business as programme contractors, owners, managers, and operators of television or sound broadcasting stations and studios, theatres, concert halls, and other places of entertainment as producers and distributors of sound and television plays concerts and programmes of all forms and descriptions and as advertisers thereof.

(B) To carry on the business of a holding company in all its branches and to acquire by purchase, lease, concession, grant, licence or otherwise and hold such businesses, options, rights, privileges, lands, buildings, leases, underleases, stocks, shares, debentures, debenture stock, bonds, obligations, securities, reversionary interests, annuities, policies of assurance and other property and rights and interests in property as the Company shall deem fit and generally to hold, manage, develop, lease, sell or dispose of the same and to vary any of the investments of the Company, to act as trustees of any deeds constituting or securing any debentures, debenture stock or other securities or obligations, to enter into, assist, or participate in financial, commercial, mercantile, industrial and other transactions, undertakings and businesses of every description and to establish, carry on, develop and extend the same or sell, dispose of or otherwise turn the same to account and to co-ordinate the policy and administration of any companies of which the Company is a member or which are in any manner controlled by, or connected with, the Company and to carry on all or any of the businesses of capitalists, trustees, financiers, financial agents, company promoters, bill

discounters, insurers, insurance brokers and agents, mortgage brokers, rent and debt collectors, stock and share brokers and dealers and commission and general agents, merchants and traders, and to manufacture, buy, sell, maintain, repair and deal in plant, machinery, tools, articles and things of all kinds capable of being used for the purposes of the above-mentioned businesses or any of them, or likely to be required by customers of or persons having dealings with the Company. To carry on all or any of the businesses of general merchants and traders, manufacturers, assemblers, distributors, importers, exporters, merchants, factors and shippers of and wholesale and retail dealers in goods, wares, produce, products, commodities, fancy goods, handicrafts and merchandise of every description, to act as agents for and to enter into agreements and arrangements of all kinds on behalf of such persons, firms or companies as may be thought expedient, and to negotiate, assign and mortgage or pledge for cash or otherwise, any such agreements and the payments due thereunder and any property the subject thereof, to carry on all or any of the businesses of mail order specialists, credit and discount traders, cash and carry traders, manufacturers' agents, commission and general agents, brokers, factors, warehousemen and agents in respect of raw and manufactured goods, of all kinds, and general railway, shipping and forwarding agents and transport contractors; to create, establish, build up and maintain an organisation for the marketing, selling, retailing, servicing, advertisement, distribution or introduction of the products, merchandise, goods, wares and commodities dealt in or services rendered by any persons, firm or companies and to participate in, undertake, perform and carry out all kinds of commercial, trading and financial operations and all or any of the operations ordinarily performed by import, export and general merchants, factors, shippers, agents, traders, distributors, capitalists and financiers, either on the Company's own account or otherwise; and to open and establish shops, stalls, stores, markets and depots for the sale, collection and distribution of the goods dealt in by the Company.

(C) To carry on any other business or activity of any nature whatsoever which is in the opinion of the directors capable of being advantageously carried on in connection with or ancillary to any business of the Company hereinbefore or hereinafter authorised.

(D) To apply for, register, purchase, or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere any patents, patent rights, brevets d'invention, licences, secret processes, trade marks, designs, protections, concessions and the like and to use and turn to account and to manufacture under or grant licences or privileges in respect of the same, and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire.

(E) To acquire, undertake and carry on the whole or any part of the business, goodwill, property and assets of any person, firm, or company carrying on or proposing to carry on any of the businesses which the Company is for the time being authorised to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company.

(F) To acquire an interest in, amalgamate with, enter into partnership with or enter into any arrangement for sharing profits, for co-operation, for joint venture, for mutual assistance or otherwise with any person, firm or company.

(G) To purchase or otherwise acquire any property, real or personal, and any interests, rights, options or privileges of any kind whatsoever in, over or in respect of any such property.

(H) To improve, manage, construct, repair, develop, exchange, let on lease or otherwise, mortgage, charge, sell, dispose of, turn to account, grant licences, options, rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company.

(I) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined and to hold or otherwise deal with any investments made.

(J) To lend, advance or deposit money or give credit on any terms with or without security to any person, firm or company (including without prejudice to the generality of the foregoing any subsidiary or holding company of the Company or any other subsidiary of such holding company).

(K) To enter into any guarantee, bond, indemnity or counter-indemnity and otherwise give security or become responsible for the performance of any obligations or the discharge of any liabilities of or by any person, firm or company in any manner on any terms and for any purposes whatsoever, whether with or without the Company receiving any consideration or advantage and whether or not in furtherance of the attainment of any other objects of the Company and in particular (without prejudice to the generality of the foregoing) to guarantee, support or secure, by personal covenant or by mortgaging or charging all or any part of the undertaking, real and personal property, assets and revenues (present and future) and uncalled capital of the Company, the payment or repayment of any moneys owed in respect of, any debts, obligations or securities whatsoever and the discharge of any liabilities whatsoever, including but not limited to those of any company which is for the time being a subsidiary or holding company of the Company or any other subsidiary of any such holding company or is otherwise associated with the Company in business.

(L) To borrow and raise money in any manner whatsoever whether by the creation and issue of debentures, debenture stock or other securities of any description or otherwise howsoever and to secure the repayment of any money borrowed, raised or owing or any other obligation of or binding on the Company by mortgage, charge, standard security, lien or other security upon the whole or any part of the Company's property or assets (whether present or future), including its uncalled capital.

(M) To draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of exchange, promissory notes, bills of lading, warrants, debentures, and other negotiable or transferable instruments.

(N) To apply for, promote, and obtain any Act of Parliament, order, or licence of the Department of Trade or other authority for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem calculated directly or indirectly to promote the Company's interests, and to oppose any proceedings or applications which may seem

calculated directly or indirectly to prejudice the Company's interests.

(O) To enter into any arrangements with any government or authority (supreme, municipal, local, or otherwise) and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions and to carry out, exercise, and comply with any such charters, decrees, rights, privileges, and concessions.

(P) To subscribe for, purchase, or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any other company constituted or carrying on business in any part of the world, and debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority, municipal, local or otherwise, in any part of the world.

(Q) To control, manage, finance, subsidise, co-ordinate or otherwise assist any company or companies, to provide secretarial, administrative, technical, commercial and other services and facilities of all kinds for any such company or companies and to make payments by way of subvention or otherwise and any other arrangements which may seem desirable with respect to any business or operations of or generally with respect to any such company or companies.

(R) To promote, finance or assist any other company for the purpose of acquiring the whole or any part of the goodwill, business, undertaking property or assets or assuming any of the liabilities of the Company, or of undertaking any business or operations which may in the opinion of the directors directly or indirectly assist or benefit the Company or to enhance the value of any property or business of the Company, and to place or guarantee the placing of, underwrite, subscribe for, or otherwise acquire all or any part of the shares or securities of any such company as aforesaid.

(S) To sell, lease, exchange, let on hire, or dispose of any real or personal property or the undertaking of the Company, or any part or parts thereof, for such consideration as the directors shall approve, and, in particular, for shares whether fully or partly paid up, debentures or securities of any other company, whether or not having objects altogether or in part, similar to those of the Company, and to hold and retain any shares, debentures or securities so acquired, and to improve, manage, develop, sell, exchange, lease, mortgage, dispose of, grant options over or turn to account or otherwise deal with all or any part of the property or rights of the Company.

(T) To act as agents or brokers and as trustees for any person, firm or company, and to undertake and perform sub-contracts.

(U) To remunerate any person, firm or company rendering services to the Company either by cash payment or by the allotment to him or them of shares or other securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient.

(V) To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person, firm or company to pay the same, and to pay commissions to brokers and others for underwriting, placing,



selling, or guaranteeing the subscription of any shares or other securities of the Company.

(W) To give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aid and generally to provide advantages, facilities and services for any persons who are or have been directors of, or who are or have been employed by, or who are serving or have served the Company, or any company which is a subsidiary or the holding company of the Company or any other subsidiary of such holding company or the predecessors in business of the Company or of any such holding or subsidiary company and to the wives, widows, children and other relatives and dependants of such persons; to make payments towards insurance; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any of such persons and of their wives, widows, children and other relatives and dependants.

(X) To set up, establish, support and maintain profit sharing or share purchase schemes for the benefit of employees of the Company and any of its subsidiaries and (without prejudice to the generality of the foregoing) to establish and maintain or contribute to any scheme for the acquisition by trustees of shares in the Company or its holding company to be held by or for the benefit of employees (including any director in salaried employment) of the Company or (so far as for the time being permitted by law) any of the Company's subsidiaries and to lend money (so far as aforesaid) to any such employees to enable them to acquire shares of the Company or its holding company and to formulate and carry into effect any scheme for sharing profits with any such employees.

(Y) To insure the life of any person or to insure against any accident to any person who may, in the opinion of the directors, be of value to the Company as having or holding for the Company interests, goodwill or influence or other assets and to pay the premiums on such insurance.

(Z) To purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers, employees or auditors of the Company, or of any other company which is its holding company or in which the Company or such holding company has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any subsidiary undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which any employees of the Company or of any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking or pension fund and to such extent as may be permitted by law otherwise to indemnify or to exempt any such person against or from any such liability.

(AA) To support, subscribe for or donate money to any national, charitable, benevolent, public, general or useful object or for any purpose which may in the opinion

of the directors directly or indirectly further the interests of the Company or of its members.

(BB) Subject to due compliance, and in accordance, with the provisions of sections 155 to 158 (inclusive) of the Act (if and so far as such provisions shall be applicable), to give, whether directly or indirectly any kind of financial assistance (as defined in section 152(1)(a) of the Act) for any such purpose as is specified in section 151(1) and/or section 151(2) of the Act.

(CC) To distribute among the members of the Company in kind any property of the Company of whatsoever nature.

(DD) To procure the Company to be registered or recognised in any part of the world and to do all or any of the things or matters aforesaid in any part of the world either as principals, agents, contractors or otherwise, and by or through agents, brokers, sub-contractors or otherwise and either alone or in conjunction with others.

(EE) To do all such other things as may be deemed incidental or conducive to the attainment of the Company's objects or any of them.

AND so that:-

(1) None of the objects set forth in the sub-paragraphs of this paragraph 3 shall be restrictively construed but the widest interpretation shall be given to each such object, and none of such objects shall, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other object or objects set forth in such sub-paragraph, or by reference to or inference from the terms of any other sub-paragraph of this paragraph, or by reference to or inference from the name of the Company.

(2) None of the sub-paragraphs of this paragraph and none of the objects therein specified shall be deemed subsidiary or ancillary to any of the objects specified in any other such sub-paragraph, and the Company shall have as full a power to exercise each and every one of the objects specified in each sub-paragraph of this paragraph as though each such sub-paragraph contained the objects of a separate Company.

(3) The word "company" in this paragraph, except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether incorporated or unincorporated and whether domiciled in the United Kingdom or elsewhere.

(4) In this paragraph 3 the expression "the Act" means the Companies Act 1985, the expressions "holding company", "subsidiary" and "subsidiary undertaking" shall have the meanings given to them by the Act provided that any reference in this paragraph 3 to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

4. The liability of the members is limited.

5. The Company's share capital is £150,000 divided into 150,000 Ordinary shares of £1 each.

WE, the subscribers to this Memorandum of Association, wish to be formed into a company pursuant to this Memorandum and we agree to take the number of shares shown opposite our respective names.

---

NAMES AND ADDRESSES OF SUBSCRIBERS	Number of Shares taken by each Subscriber
TRIVERS SMITH LIMITED 10 Snow Hill London EC1A 2AL	1
..... (duly authorised signatory)	
TRIVERS SMITH SECRETARIES LIMITED 10 Snow Hill London EC1A 2AL	1
..... (duly authorised signatory)	
	<hr/>
TOTAL SHARES TAKEN	2

DATED the       day of       , 19

WITNESS to the above signatures:

.....  
Ruth Patricia Bracken  
10 Snow Hill  
London  
EC1A 2AL