

Company No 05414023

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

of

MODERN BIOSCIENCES PLC

(Adopted by special resolution passed on 14 June 2007)

WEDNESDAY



AP9B6SP6

A44 05/09/2007 488

COMPANIES HOUSE

A handwritten signature in black ink, appearing to be 'M. S. M.' or similar, written in a cursive style.

CONTENTS

1	PRELIMINARY	1
2	SHARE CAPITAL	7
3	SHARE RIGHTS	7
4	CLASS RIGHTS	7
5	LIEN	7
6	CALLS	7
7	ISSUES OF SHARES	7
8	PROVISIONS APPLYING ON EVERY TRANSFER OF SHARES	8
9	TRANSFERS OF SHARES	8
10	MANDATORY TRANSFERS OF SHARES	11
11	PRE-EMPTION RIGHTS	13
12	COME ALONG	15
13	COMPLIANCE	17
14	GENERAL MEETINGS	17
15	DIRECTORS	17
16	INDEMNITIES AND INSURANCE	19

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

of

MODERN BIOSCIENCES PLC
(the "Company")

(Adopted by written resolution passed on 14 June 2007)

1 PRELIMINARY

1.1 In these Articles the following expressions shall have the following meanings unless inconsistent with the context -

"Act"	means the Companies Act 1985 and every statutory modification or re-enactment thereof for the time being in force
"Bad Leaver"	means a Leaver who is not a Good Leaver
"Board"	means the board of directors of the Company (or any duly authorised committee thereof) from time to time
"Business Day"	means a day (other than a Saturday) on which clearing banks in the City of London are normally open for usual sterling banking business
"Co-Investment Scheme"	means any scheme under which certain officers, Employees or partners (including their Privileged Relations, Family Trusts and any Retirements Benefit Scheme (as detailed in section 611 ICTA) established for their benefit) of IP Group plc or any subsidiary or subsidiary undertaking or holding company or parent undertaking of IP Group plc and any subsidiary or subsidiary undertaking of any such holding company or parent undertaking may participate with or alongside any member of the Defined Group
"Connected Person"	has the meaning attributed by section 839 ICTA
"Controlling Interest"	means an interest in shares in a company conferring in aggregate more than 50% of the total voting rights conferred by all the issued shares in that company, taking account at the relevant time of provisions regarding voting rights contained in the articles of association of that company
"Defined Group"	means IP Group plc and its subsidiaries and subsidiary undertakings, holding companies and parent undertakings and subsidiaries and subsidiary undertakings of such holding companies and parent undertakings and -

- (a) any partnership of which any of them is general partner, manager or adviser,
- (b) any unit trust or fund (whether a body corporate or otherwise) of which any of them is trustee, manager, adviser or general partner,
- (c) any unit trust, partnership or fund (whether a body corporate or otherwise) the managers of which are advised by any of them,
- (d) any Co-Investment Scheme, and
- (e) any Share Plan

in each case from time to time

"Employee"

means a person who at any time is a director and/or an employee of any Group Company or whose services are made available to any Group Company under the terms of an agreement between any Group Company on the one hand and such individual or any other person on the other hand (and "employment" shall be construed accordingly to include such an agreement)

"Employee Trust"

means a trust established with Majority Consent and whose beneficiaries are the bona fide employees of any Group Company including, without limitation, the Modern Biosciences plc Deferred Share Scheme as adopted by the Company on 14 June 2007

"Excluded Person"

means -

- (a) any Leaver
- (b) any Employee who has given, or been given, notice to terminate his contract of employment with any Group Company
- (c) any or all Employees who hold Shares under the terms of a Share Plan if the Board shall specify that they are Excluded Persons for a specified event or for a specified period of time

"Fair Price"

means such price as the transferor and (with Majority Consent) the Company shall agree within ten days after the date of the relevant Transfer Notice or, failing such agreement, such price as the Independent Expert shall determine pursuant to Article 10 1 4

"Family Trust"

means a trust

- (a) the terms and trustees of which have been approved by Majority Consent,
- (b) which does not permit any of the property subject to the trust or the income therefrom (or any interest in such property and/or income) to be applied otherwise than for the benefit of the member creating such trust and settling property on such trust (the "Settlor") and/or a Privileged Relation of the Settlor
- (c) which is set up and administered without any cost to any

Group Company, and

- (d) under which no power of control is capable of being exercised over the votes of any shares which are the subject of the trust by any person other than the trustees or the Settlor or the Privileged Relations of the Settlor,

and **"trust"** includes a trust arising under a settlement, declaration of trust or on an intestacy

**"Financial year" and
"financial period"**

an accounting reference period (as defined by the Act) of the Company

"Good Leaver"

means -

- (a) a Shareholder and who ceases to be an Employee where such cessation occurs for one of the following reasons -

- (i) that person's death, or

- (ii) illness or disablement of that person giving rise to permanent incapacity to continue in employment, or

- (iii) that person's retirement at normal retirement age, as determined by that person's contract of employment, or failing which, as determined by that person's employing company's policy in that regard from time to time, or

- (iv) the termination of that person's employment by his employing company in circumstances that are determined by an Employment Tribunal or Court to be or amount to wrongful dismissal (and for the avoidance of doubt, this shall exclude any finding of unfair dismissal), or

- (v) following the second anniversary of the date of adoption of these Articles, in the case of a person to whom Shares are issued on the date of adoption of these Articles, or, in the case of a person to whom Shares are issued or transferred after the date of adoption of these Articles, following the second anniversary of the date upon which such person or the Family Trusts or Privileged Relations of such person subscribes for Shares or has Shares transferred to him or any of them or otherwise acquires Shares, the termination of that person's employment by his employing company except where the employing company is entitled to terminate the employment contract of that person summarily or with immediate effect in circumstances where that person is not entitled to notice or payment in lieu of notice in accordance with the terms of the employment contract other than in any of the circumstances described under (i) to (iv) above,

- (b) a person who is a Shareholder who ceases to be an Employee where the Board with Majority Consent

resolves that such person is to be treated as a Good Leaver in circumstances where such person would not, but for this provision, be a Good Leaver, or

- (c) an Employee who is a Shareholder and who remains an Employee but becomes entitled by reason of illness or disablement giving rise to permanent incapacity to receive benefits under the permanent health insurance scheme of the Company or any other Group Company,

together with, in each case, any other person who becomes a Leaver as a consequence thereof

- "Group"** means the Company and its subsidiaries, all holding companies of the Company, and all subsidiaries of each such holding company, in each case, from time to time
- "Group Company"** means each of the companies referred to in the definition in these Articles of **"Group"**
- "ICTA"** means the Income and Corporation Taxes Act 1988
- "Independent Expert"** means an umpire (acting as an expert and not as an arbitrator) nominated by the parties concerned or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales
- "IP Group"** means IP Group plc established in England and Wales (registered number 04204490 whose registered office at Warwick Court, 5 Paternoster Square, London EC4M 7BP
- "Issue Price"** means, in relation to a Share, the price at which such Share is issued, being the aggregate of the amount paid up or credited as paid up in respect of the nominal value of such Share and any share premium thereon
- "Leaver"** means -
- (a) any Employee who is a Shareholder who ceases to be an Employee for whatever reason
 - (b) any Shareholder who is the trustee of a Family Trust of any person who ceases to be an Employee or who is an ex-Employee
 - (c) any Shareholder who is a Privileged Relation of any person who ceases to be an Employee or who is an ex-Employee
 - (d) any person who becomes entitled to any Shares -
 - (i) on the death of a Shareholder (if an individual),
 - (ii) on the receivership, administrative receivership, administration, liquidation or other arrangement for the winding-up (whether solvent or insolvent) of a Shareholder (if a company), or
 - (iii) on the exercise of an option after ceasing to be

an Employee, or

- (e) any Shareholder holding Shares as a nominee for any person who ceases to be an Employee
- (f) any Employee holding Shares who remains an Employee but becomes entitled by reason of illness or disablement giving rise to permanent incapacity to receive benefits under the permanent health insurance scheme of the Company or any other Group Company

"Leaver's Shares"	all of the Shares held by a Leaver, or to which he is entitled, on the Leaving Date and any Shares acquired by a Leaver after the Leaving Date whether under an employees' share scheme or otherwise
"Leaving Date"	means, in relation to a Leaver, the date on which the relevant person becomes a Leaver, which in the case of any Shareholder who becomes a Leaver by virtue of any person ceasing to be an Employee shall be the Termination Date in relation to such Employee
"Majority Consent"	means the giving of a prior written consent by the Majority Holder
"Majority Holder"	means any person who at the relevant time together any Connected Person of it and any subsidiary of it holds more than 50% in number of the Shares in issue at that time
"Minimum Transfer Condition"	has the meaning given in Article 11 2
"Privileged Relation"	means, in relation to a Shareholder, the spouse or civil partner of the Shareholder and the Shareholder's children and grandchildren (including step and adopted children and their issue) and step and adopted children of the Shareholder's children
"Sale Price"	has the meaning given in Article 10 1 3
"Sale Shares"	has the meaning given in Article 10 1 2
"Seller"	the holder of a Share which is the subject of a Transfer Notice
"Share"	means any share in the capital of the Company from time to time (and "Shares" shall be construed accordingly) such shares being ordinary shares of 0 1 pence each as at the date of the adoption of these Articles
"Shareholder"	means a holder of any Share
"Share Plan"	means any share incentive plan adopted by the Company to facilitate the award of Shares or of options over Shares to or for the benefit of Employees including any Employee Trust
"Share Sale"	means the completion of any sale of any interest in any Shares (whether in one transaction or a series of related transactions) resulting in the transferee (either alone or together with its Connected Persons) holding a Controlling Interest in the Company but excluding any such sale to the Majority Holder or any member of the Defined Group

- "Start Date"** means the date on which the Fair Price of the Sale Shares is agreed or determined
- "Table A"** means Table A in the Companies (Tables A – F) Regulations 1985 as amended by the Companies (Tables A – F) (Amendment) Regulations 1985 and as further amended by the Companies Act 1985 (Electronic Communications) Order 2000
- "Termination Date"** means -
- (a) where employment ceases by virtue of notice given by the employer to the Employee, the date on which such notice expires, or
 - (b) where a contract of employment is terminated by notice given by the employer and a payment is made in lieu of notice, the date on which such notice was served, or
 - (c) where the Employee concerned is a director and an employee of any Group Company, the date on which the Employee's contract of employment with any Group Company is terminated unless the Majority Holder directs otherwise, or
 - (d) where the Employee concerned is a director (but not an employee) of any Group Company, the date on which the contract for the provision of his services (whether entered into directly with him or with a third party) with any Group Company is terminated, or
 - (e) in any other case, the date on which the contract of employment is terminated
- "Third Party Purchaser"** means a person (who is not a member of the Defined Group) and any Connected Person of such person (in each case whether or not an existing Shareholder)
- "Transfer Notice"** means a written notice deemed to be served on the Company in accordance with Article 9 by a Shareholder who is required to transfer any Shares
- "voting rights"** shall be construed in accordance with section 736(A) of the Act
- 1 2 The regulations contained in or incorporated in Table A shall apply to the Company save insofar as they are excluded or varied hereby or are inconsistent herewith and such regulations (save as so excluded varied or inconsistent) and the Articles hereinafter contained shall be the regulations of the Company
- 1 3 In the last paragraph of Regulation 1 of Table A, the words "and in Articles of association adopting the same" shall be inserted after the word "regulations" in the first line, the words from "but excluding" to "company" shall be deleted and the sentence "Any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force" shall be inserted at the end of that paragraph
- 1 4 Regulations 26, 50, 54, 64, 73-77 and 79-80 (inclusive), 81, 82, 85, 86, 94-98 (inclusive) and 118, and the last sentence of regulation 112, of Table A shall not apply to the Company

2 SHARE CAPITAL

The authorised share capital of the Company is £170,000 divided into 71,000,000 ordinary shares of 0.1 pence each ("**Ordinary Shares**") and 99,000 deferred shares of £1 each ("**Deferred Shares**")

3 SHARE RIGHTS

The holders of the Deferred Shares shall be entitled to the following but no further or other rights and shall also be subject to the following restrictions

- (a) no right to receive any dividend,
- (b) no right to receive notice of or to attend or vote at any general meeting of the Company,
- (c) on a return of assets on liquidation or otherwise the right to receive out of the assets of the Company available for distribution amongst the members such sum not exceeding the amount paid up on the Deferred Shares as may be available after payment to the holders of the Ordinary Shares of the amount paid up on the Ordinary Shares, and
- (d) may not be transferred save with the consent of the Board

4 CLASS RIGHTS

Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated with the consent in writing of the holders of 75% in nominal value of the issued shares of that class

5 LIEN

The lien conferred by regulation 8 of Table A shall apply to all Shares whether fully paid or not and to all Shares registered in the name of any person indebted or under liability to the Company whether he be the sole registered holder thereof or one of several joint holders

6 CALLS

The liability of any Shareholder in default in respect of a call shall be increased by the addition at the end of the first sentence of regulation 18 in Table A of the words "and all expenses that may have been incurred by the company by reason of such non-payment"

7 ISSUES OF SHARES

Subject to these Articles the pre-emption provision of sub-section (1) of section 89 and sub-sections (1) to (6) of section 90 of the Act shall apply to any allotment of the Company's equity securities PROVIDED THAT -

7.1 as between Shareholders their entitlement shall be calculated, as nearly as is reasonably possible according to the proportion which the number of Shares held by the Shareholder immediately prior to such allotment bears to the aggregate number of Shares in issue immediately prior to such allotment,

7.2 the period specified in section 90(6) of the Act shall be 14 days, and

7.3 the holders of equity securities ("**Equity Shareholders**") who accept Shares shall be entitled to indicate that they would accept Shares that have not been accepted by other Equity Shareholders ("**Excess Shares**") on the same terms as originally offered to all Equity Shareholders and the following provisions shall apply

7.3.1 any Shares not so accepted shall be allotted to the Equity Shareholders who have indicated they would accept Excess Shares,

7 3 2 such Excess Shares shall be allotted in the numbers in which they have been accepted by Equity Shareholders or, if the number of Excess Shares is not sufficient for all Equity Shareholders to be allotted all the Excess Shares they have indicated they would accept, then the Excess Shares shall be allotted as nearly as practicable in the proportion that the number of Excess Shares each Equity Shareholder indicated he would accept bears to the total number of Excess Shares applied for, and

PROVIDED ALWAYS that the Board may in its absolute discretion resolve that Shareholders holding Shares under the terms of a Share Plan may be or shall be excluded from any offer of Shares and/or any offer of Excess Shares

8 PROVISIONS APPLYING ON EVERY TRANSFER OF SHARES

8 1 The Board shall refuse to register any transfer of Shares made in contravention of the provisions of these Articles but (subject to Regulation 24 of Table A) shall not otherwise be entitled to refuse to register any transfer of shares For the purpose of ensuring that a particular transfer of Shares is permitted under the provisions of these Articles, the directors may request the transferor, or the person named as transferee in any transfer lodged for registration, to furnish the Company with such information and evidence as the directors may reasonably think necessary or relevant Failing such information or evidence being furnished to the satisfaction of the directors within a period of 28 days after such request the directors shall be entitled to refuse to register the transfer in question Any transfer of Shares made or purported to be made in contravention of the provisions of these Articles shall be of no effect

8 2 Save for transfers pursuant to Article 9 no Share may be transferred unless Majority Consent has been obtained

8 3 A reference in these Articles to a transfer of Shares shall include a transfer of any interest in Shares (whether legal, beneficial or otherwise) and any charge, mortgage or other encumbrance granted over Shares and these Articles shall take effect accordingly

9 TRANSFERS OF SHARES

9 1 Permitted Transfers by Individual Shareholders, Privileged Relations and Family Trusts

9 1 1 Subject to Article 9 4, any Shareholder who is not an Excluded Person may at any time transfer any Shares held by him to a Privileged Relation over the age of 17 or to trustees to be held upon a Family Trust of which he is the settlor provided that -

(a) an individual Shareholder may not transfer any of his Shares under this Article 9 1 if, after the registration of any such transfer in the register of members of the Company, the total number of Shares registered in the name of the individual Shareholder would amount to 50% or less of the total number of Shares registered in the names of the individual Shareholder, the trustees of the individual Shareholder's Family Trusts and his Privileged Relations,

(b) any transfer of Shares by an individual Shareholder to a Privileged Relation or trustees of the individual Shareholder's Family Trusts pursuant to this Article 9 1 will be on terms (approved before such transfer by the Board with Majority Consent) that the Privileged Relation or trustees (as the case may be) shall -

(i) undertake to exercise all voting rights attaching to such Shares and to sign all proxies, consents to short notice and other documents relating to such exercise in accordance with the directions of the individual Shareholder, and

(ii) give the individual Shareholder full unconditional and irrevocable authority to sell such Shares on behalf of the trustees or Privileged Relation (as the case may be) on a Listing or a Share Sale or pursuant to Article 12,

- (c) the Privileged Relations and/or the trustees of Family Trusts to whom Shares are transferred by an individual Shareholder pursuant to this Article 9 1 may transfer such Shares in accordance with Article 9 1 2 at any time but shall not otherwise be entitled to transfer such Shares pursuant to this Article 9 1,
- (d) if and whenever any Shares held by trustees upon a Family Trust cease to be so held upon a Family Trust (otherwise than in consequence of a transfer to the settlor or to any Privileged Relation of the settlor in accordance with Article 9 1 2) or there cease to be any beneficiaries of the Family Trust other than a charity or charities -
 - (i) the trustees of the Family Trust shall notify the Company in writing that such event has occurred, and
 - (ii) unless the Majority Holder directs otherwise, on the date of such cessation the trustees shall be deemed to have given a Transfer Notice which does not specify a Sale Price in favour of the settlor of the Family Trust in respect of the Shares held by the trustees and such Shares may not otherwise be transferred, and
- (e) if and whenever a Privileged Relation to whom Shares have been transferred pursuant to this Article 9 1 ceases to be a Privileged Relation of the transferring party -
 - (i) the transferring party shall notify the Company in writing that such cessation has occurred, and
 - (ii) unless the Majority Holder directs otherwise, on the date of such cessation the former Privileged Relation shall be deemed to have given a Transfer Notice which does not specify a Sale Price in favour of the transferring party in respect of the Shares held by the former Privileged Relation and such Shares may not otherwise be transferred

9 1 2 Permitted transfers by Privileged Relations and/or Family Trusts

Subject to Article 9 4 -

- (a) the Privileged Relations to whom Shares are transferred pursuant to Article 9 1 may transfer such Shares to the original transferor concerned at any time, but shall not otherwise be entitled to transfer such Shares pursuant to this Article 9 1,
- (b) where any Shares are held by trustees upon a Family Trust -
 - (i) on any change of trustees such Shares may be transferred to the new trustees of that Family Trust, and
 - (ii) such Shares may be transferred at any time to the settlor provided the settlor is an Employee or to another Family Trust of which that person is the settlor or to any Privileged Relation of that person

9 2 Permitted transfers by corporate members and the Defined Group

Notwithstanding any other provision in these Articles, the following transfers may be made without restriction as to price or otherwise and any such transfers shall be registered by the directors (subject to stamping) -

- 9 2 1 any holder of Shares which is a body corporate may transfer any such shares to its ultimate parent company or any other body corporate controlled, directly or indirectly, by it or its ultimate parent company **PROVIDED ALWAYS THAT** the transferee gives an

undertaking to the Company that, in the event of any such body corporate ceasing to be controlled, directly or indirectly, by the original shareholder or such ultimate parent company, immediately prior to it so ceasing such shares shall be transferred to another body corporate so controlled and for the purposes of this Article 9 2 1 "control" has the same meaning as in section 840 of ICTA,

9 2 2 any Shares may be transferred to any member of the Defined Group or to any trustee or nominee for any such member,

9 2 3 any holder of Shares which is a nominee or trustee, whether directly or indirectly, for an approved scheme or schemes as defined in section 612 of ICTA may transfer any Shares to any other nominee or trustee, whether direct or indirect, for the same approved scheme or schemes,

9 2 4 any Shares held by a nominee or trustee of a partnership may be transferred to the partners or to any new nominee or trustee for such partnership,

9 2 5 any Shares held by or on behalf of a partnership, unit trust, investment trust, unincorporated association or other fund (whether a body corporate or otherwise) or corporation may be transferred to another partnership, unit trust, investment trust, unincorporated association or other such fund or corporation which is managed or advised by the same manager or adviser as the transferor or by a holding company of such manager or adviser or any subsidiary company of such holding company, and

9 2 6 any transfer of Shares made with prior Majority Consent given in writing

9 3 **Other Permitted Transfers**

9 3 1 **Transfers from an Employee Trust**

Notwithstanding any other provision of these Articles, the trustee or trustees of an Employee Trust may (subject to Article 9 3 4), with Majority Consent, at any time transfer all or any Shares to an Employee

9 3 2 **Transfers to the Company**

Any holder of Shares may at any time, with Majority Consent, transfer Shares to the Company in accordance with the Act and these Articles

9 3 3 **Transfers pursuant to a Listing, a Share Sale or Article 12**

Notwithstanding any other provision of these Articles, a transfer of any Share made pursuant to and in accordance with a Listing, a Share Sale or Article 12 (Come Along) shall be registered by the directors (subject to stamping)

9 3 4 **Transfers pursuant to a Share Plan**

Notwithstanding any other provision of these Articles, any holder of Shares may at any time transfer Shares under the terms of any Share Plan and shall be obliged to give effect to any Share Plan

9 3 5 **With Majority Consent**

Notwithstanding any other provision of these Articles, any holder of Shares may at any time transfer Shares with Majority Consent

9 4 At any time after a Shareholder becomes an Excluded Person, the Board may with Majority Consent and shall immediately if required by the Majority Holder, by notice in writing to such Shareholder revoke any outstanding Transfer Notice deemed to have been given under Article 9 1 and by the Privileged Relations and by the trustees of the Family Trusts of such Shareholder prior to that Shareholder becoming an Excluded Person These Articles shall thereafter operate as if no

such Transfer Notice had been given provided that such revocation shall be without prejudice to any sale of the Shares which were the subject of the Transfer Notice completed prior to such revocation

10 **MANDATORY TRANSFERS OF SHARES**

10 1 **Mandatory transfers in respect of Leavers**

10 1 1 Within the period commencing on the relevant Leaving Date and expiring at midnight on the first anniversary of such date, the Majority Holder may direct the Company immediately to serve a notice on a Bad Leaver notifying him that he is, with immediate effect, deemed to have served one or more Transfer Notices in respect of such number and class of his Leaver's Shares as follows

- (a) where the Bad Leaver has become a Bad Leaver within 12 months of the subscription by him for or transfer to him of the relevant Leaver's Shares, such number of such Shares as is nearest to two-thirds of such Shares, and
- (b) where the Bad Leaver has become a Bad Leaver after 12 months but within 24 months of the subscription by him for or transfer to him of the relevant Leaver's Shares, such number of such Shares as is nearest to one-thirds of such Shares

(and any Transfer Notice which is deemed to be served pursuant to this Article 10 1 1 shall be a "**Mandatory Transfer Notice**")

PROVIDED THAT in the case of an Employee who has acquired Shares under the terms of a Share Plan, any provisions within the terms of the Share Plan governing Employees who leave the Company shall take precedence over the provisions governing mandatory transfers of Shares under this Article 10 and in the case of any conflict in such provisions, the Board may determine which provisions shall prevail. If the Board shall so require all Shareholders shall vote in favour of any resolution to amend these Articles to give effect to any change to reflect any such determination and, subsequently, any other such change and each Shareholder hereby appoints any person nominated by the Company to be his attorney (the "**Attorney**") to act for him and on his behalf to exercise all or any of the voting and other rights attached to his Shares to give effect to this provision

AND FURTHER PROVIDED THAT

- (c) each Bad Leaver hereby appoints any person nominated by the Company to be his attorney (the "**Attorney**") to act for him and on his behalf to exercise all or any of the voting and other rights attached to the Shares which are the subject of a Mandatory Transfer Notice as the Attorney shall in his absolute discretion think fit until such Shares are transferred
 - (i) to receive or waive any notice of or consent to the holding on short notice of any general meeting or separate meeting of the holders of any class of Shares,
 - (ii) to execute a form of proxy in respect of the Shares appointing any person to attend general meetings and separate meetings of the holders of any class of Shares and to exercise the votes attaching to the Shares on the Bad Leaver's behalf,
 - (iii) to exercise all other rights and privileges held by or accruing to the Bad Leaver as holder of the Shares, to receive dividends and other distributions in respect of the Shares and to give a good receipt for them on behalf of the Leaver, and
 - (iv) to sign any written resolution or written consent on behalf of the Bad Leaver,

all in such form and on such terms as the Attorney shall in his absolute discretion think fit and whatsoever the Attorney shall do or purport to do in pursuance of such power of attorney the Leaver hereby undertakes to ratify and confirm,

- (d) there shall be no time limit within which the Shares must be offered for sale, and
 - (e) with effect from the Leaving Date, unless the Majority Holder so directs, any Transfer Notice or Mandatory Transfer Notice previously issued or deemed issued in relation to any Shares held by the Bad Leaver shall immediately be cancelled (unless all the Shares subject to the relevant Transfer Notice or Mandatory Transfer Notice have already been sold) and no further Transfer Notice or Mandatory Transfer Notice shall be issued or deemed to be issued in respect of such Shares except under this Article 10 1 1
- 10 1 2 The provisions of Articles 11 1 to 11 11 (inclusive) shall apply to any Mandatory Transfer Notice provided that for these purposes
- (a) the Sale Shares shall comprise the Shares specified pursuant to Article 10 1 1,
 - (b) no Proposed Transferee shall be specified in the Mandatory Transfer Notice,
 - (c) the Sale Price shall be determined by Article 10 1 3,
 - (d) there shall be no Minimum Transfer Condition, and
 - (e) reference to "receipt of the Transfer Notice" in Articles 11 1 and 11 4 shall be replaced by "the date of determination of the Fair Price" if a Fair Price falls to be determined
- 10 1 3 The Sale Price shall be, in the case of a Bad Leaver, the lower of the Issue Price and the Fair Price provided that, in the case of any Bad Leaver's Shares which were originally acquired by the Bad Leaver by way of transfer rather than allotment, references to the Issue Price in this Article 10 1 3 shall in relation to these Shares be deemed to be references to the lower of the Issue Price and the amount paid by such Leaver on such transfer
- 10 1 4 If the Fair Price falls to be determined by an Independent Expert
- (a) the Company shall immediately instruct the Independent Expert to determine the Fair Price on the basis which, in the Independent Expert's opinion, represents a fair price for the Leaver's Shares at the Leaving Date as between a willing seller and a willing buyer but, in making such determination, the Independent Expert shall not take account of whether the Leaver's Shares comprise a majority or minority interest in the Company,
 - (b) the Independent Expert shall certify the Fair Price as soon as possible after being instructed by the Company and in so certifying the Independent Expert shall be deemed to be acting as expert and not as arbitrator and the Arbitration Act 1996 shall not apply,
 - (c) the certificate of the Independent Expert shall, in the absence of manifest error, be final and binding, and
 - (d) the Company shall procure that any certificate required hereunder is obtained with due expedition and the cost of obtaining such certificate shall be borne by the Company unless (i) such an arrangement would not be permitted by the Act or (ii) the Fair Price as determined by the Independent Expert is the same as, or within 10% of, that price (if any) which the Company had previously notified to the Leaver as being in its opinion the Fair Price, in which event the cost shall be borne by the Leaver

10 2 **Mandatory transfer on change of control of shareholder**

10 2 1 If a Shareholder being a company ceases to be within the control (as such term is defined by section 840 ICTA) of the person(s) who controlled such company on the date on which it became a Shareholder or on the date of adoption of these Articles (whichever shall be the later) it shall, unless the Majority Holder otherwise agrees, be deemed to have immediately given a Transfer Notice in respect of all the Shares as shall then be registered in its name and Article 10 1 4 shall apply provided that this Article 10 2 shall have no application to any company that remains within the Defined Group

10 2 2 The provisions of Articles 11 1 to 11 11 (inclusive) shall apply to any Transfer Notice deemed to be given pursuant to Article 10 2 1 provided that for these purposes

- (a) the Sale Shares shall comprise all the Shares registered in the name of the Shareholder,
- (b) no Proposed Transferee shall be specified in the Transfer Notice, and
- (c) there shall be no Minimum Transfer Condition

11 **PRE-EMPTION RIGHTS**

11 1 Except in the case of a transfer pursuant to, or that gives rise to the rights granted to or by any Shareholder under, Article 9 (Permitted Transfers of Shares), Article 10 (Mandatory Transfers of Shares) or Article 12 (Come Along) (as to which the provisions of such articles shall apply), a Shareholder who wishes to transfer any Shares (the "**Seller**") shall give a Transfer Notice to the Company copied to the Majority Holder Each Transfer Notice shall

11 1 1 relate to one class of Shares only,

11 1 2 specify the number and class of Shares which the Seller wishes to transfer (the "**Sale Shares**"),

11 1 3 specify the identity of any person to whom the Seller wishes to transfer the Sale Shares (the "**Proposed Transferee**"),

11 1 4 specify the price per Share (the "**Sale Price**") at which the Seller wishes to transfer the Sale Shares,

11 1 5 be deemed to constitute the Company as the Seller's agent for the sale of the Sale Shares at the Sale Price in the manner prescribed by these Articles, and

11 1 6 not be varied or cancelled without Majority Consent

11 2 The Seller may provide in the Transfer Notice that, unless buyers are found for all or not less than a specified number of the Sale Shares, he shall not be bound to transfer any of such Shares ("**Minimum Transfer Condition**") and any such provision shall be binding on the Company Notwithstanding the other provisions of this Article, if the Transfer Notice contains a Minimum Transfer Condition the Company may not make any allocation of Sale Shares unless and until it has found buyers for the minimum number specified in the Minimum Transfer Condition

11 3 The Majority Holder may, within twenty-one days after the Start Date, direct the Company to offer at the Sale Price such number of Sale Shares to such person as may be specified by the Majority Holder (including, for the avoidance of doubt, the Company and/or any Employee Trust) If the offeree of the Sale Shares applies for any of them within 6 months after the Start Date, the Company shall (with Majority Consent) within 7 days after such application allocate to the offeree the number of Sale Shares applied for If all of the Sale Shares are so allocated, the provisions of Articles 11 4 to 11 10 (inclusive) shall not apply If none or some only of the Sale Shares are so allocated, the remaining provisions of this Article shall have effect as if references to Sale Shares shall mean those not allocated in accordance with this Article

- 11.4 The Company shall -
- 11.4.1 on the twenty-second day following the Start Date (or, if that day is not a Business Day, on the next Business Day), if an Majority Holder direction has not been given pursuant to Article 11.1, or
- 11.4.2 on the day immediately following the expiry of the 6 month period referred to in Article 11.1 (or, if that day is not a Business Day, on the next Business Day), if a Majority Holder direction has been given pursuant to Article 11.1,
- 11.5 give notice in writing to each of the Shareholders (other than the Seller or an Excluded Person) offering for sale the Sale Shares at the Sale Price, provided that, if the Board considers that the provisions of this Article could mean that the offer of the Sale Shares would require a prospectus in accordance with Directive 71/2003/EC or any Regulations and Rules made thereunder, the Board shall (with Majority Consent) be entitled to devise such other method of offering such Sale Shares which does not require a prospectus (including, but without limitation, offering the Sale Shares to a limited number of Shareholders selected by such method as the Board shall (with Majority Consent) determine). The notice shall specify that the Shareholder shall have a period of 25 days from the date of such notice within which to apply for some or all of the Sale Shares. The Sale Shares shall be treated as having been offered among Shareholders in proportion (as nearly as may be) to their existing holdings of Shares to which the offer is treated as having been made (the "**Proportionate Allocation**") A Shareholder may, if he so desires, indicate in his application for Sale Shares that he would be willing to purchase a particular number of Shares in excess of his Proportionate Allocation ("**Extra Shares**")
- 11.6 The Company shall allocate the Sale Shares as follows -
- 11.6.1 if the total number of Sale Shares applied for is equal to or less than the available number of Sale Shares, each Shareholder shall be allocated the number applied for in accordance with his application, or
- 11.6.2 if the total number of Sale Shares applied for is greater than the available number of Sale Shares, each Shareholder shall be allocated his Proportionate Allocation or such lesser number of Sale Shares for which he has applied and applications for Extra Shares shall be allocated in accordance with such applications or, in the event of competition, among those Shareholders applying for Extra Shares in such proportions as equal (as nearly as may be) to the proportion which the Shares held by such Shareholder bears to all issued Shares
- 11.7 Allocations of Sale Shares made by the Company pursuant to this Article shall constitute the acceptance by the Shareholders to whom they are allocated of the offer to sell those Sale Shares on the terms offered to them, provided that no person shall be obliged to take more than the maximum number of Sale Shares that he has indicated to the Company he is willing to purchase
- 11.8 The Company shall forthwith upon allocating any Sale Shares give notice in writing (a "**Sale Notice**") to the Seller and to each person to whom Sale Shares have been so allocated of the number of Sale Shares so allocated and the aggregate price payable therefor. Completion of the sale and purchase of those Sale Shares in accordance with the Sale Notice shall take place within five days after the date of the Sale Notice whereupon the Seller shall, upon payment of the price due in respect thereof, transfer those Sale Shares specified in the Sale Notice to the persons to whom they have been allocated and deliver the relevant Share certificates
- 11.9 Save in the case of an acquisition of Sale Shares by the Company, if the Seller defaults in transferring any Sale Shares pursuant to Article 11.8 to a person to whom such Shares have been allocated (the "**allocated person**"), the Company may receive the relevant purchase money from the allocated person and may nominate some person to execute an instrument of transfer of such Sale Shares in the name and on behalf of the Seller and thereafter, when the instrument has been duly stamped, the Company shall cause the name of the allocated person to be entered in the register of members as the holder of such Sale Shares and shall hold the purchase money on trust (without interest) for the Seller. The receipt of the Company for the purchase money shall be a good discharge to the allocated person (who shall not be bound to see to the application thereof)

and, after his name has been so entered in the register of members, the validity of the proceedings shall not be questioned by any person. In the case of an acquisition of Sale Shares by the Company, if the Seller defaults in transferring any Sale Shares pursuant to Article 11.8, the Company may nominate some person to execute an instrument of transfer of such Sale Shares in the name and on behalf of the Seller and thereafter, when such instrument has been duly stamped, the Company shall cause such share capital to be cancelled in accordance with the Act and shall hold the purchase money on trust (without interest) for the Seller.

11.10 If not all of the Sale Shares are sold under the pre-emption provisions contained in Articles 11.1 to 11.9 (inclusive), the Company shall (forthwith upon the exhaustion of such provisions) so notify the Seller. The Seller shall not be entitled to sell any of the Sale Shares for which no buyer has been found.

11.11 For the purposes of this Article 11, references to the holders of Shares who are to be offered any shares the subject of a Transfer Notice shall be deemed to be a reference to such of those Shareholders who are on the register at the close of business on the date of the Transfer Notice other than any Shareholder who at any time before such offer is made has given (or is deemed to have given) a current Transfer Notice in respect of any Shares or who is bound under these Articles to give a Transfer Notice in respect of his Shares or any of them.

11.12 Any purported transfer of Shares otherwise than in accordance with the foregoing provisions of these Articles shall be void and have no effect.

12 COME ALONG

12.1 Come Along

12.1.1 This Article 12.1 applies in the event that a Third Party Purchaser, with prior Majority Consent, enters into an agreement or agreements (the "**Purchase Agreements**") with the Majority Holder at the relevant time (the "**Selling Shareholders**") providing for the acquisition by the Third Party Purchaser of all of the Shares held by the Selling Shareholders (the "**Relevant Shares**").

12.1.2 The Purchase Agreements shall specify the consideration payable or transferable by the Third Party Purchaser to the Selling Shareholders for each Relevant Share (the "**Consideration**"). The Purchase Agreements shall also contain a provision that they will terminate if the Third Party Purchaser does not give written notice pursuant to Article 12.1.3. The Purchase Agreements may otherwise contain whatever terms and conditions may be agreed between the Third Party Purchaser and any of the Selling Shareholders.

12.1.3 Within a period of 7 days immediately following the later of -

- (a) the date or the latest of the dates on which the Purchase Agreements is or are entered into, and
- (b) if there are any conditions precedent which the Third Party Purchaser and the Selling Shareholders have agreed are to be satisfied or waived before the Third Party Purchaser gives notice under this Article 12.1.3, the date on which such conditions precedent have been satisfied or waived in accordance with the Purchase Agreements,

the Third Party Purchaser shall give written notice to Shareholders who are not parties to the Purchase Agreements ("**Other Shareholders**") requiring them to sell all of the Shares held by them and shall provide to each Other Shareholder with such notice the following documents in the respective forms agreed pursuant to the Purchase Agreements -

- (i) a form of transfer for each class of Share held by that Other Shareholder,
- (ii) a form of power of attorney in relation to the Shares held by that Other Shareholder authorising the Third Party Purchaser or some other

person nominated by the Third Party Purchaser, after completion of the sale of such Shares to the Third Party Purchaser, to exercise all rights attaching to such Shares pending registration of the Third Party Purchaser or its nominees as the holder thereof

12 1 4 Following the giving by the Third Party Purchaser of a written notice to each Other Shareholder under Article 12 1 3, each Other Shareholder shall -

- (a) be deemed to have agreed to sell all of his Shares to the Third Party Purchaser for an amount per Share equal to the Consideration therefore at the same time and subject to the same conditions precedent as apply to the sale of Shares (except any of such conditions precedent which the Third Party Purchaser and one or more of the Selling Shareholders agree to waive), and
- (b) be obliged, within 14 days of the date on which such notice is given or deemed to have been given to him, to deliver up to the Third Party Purchaser the documents provided to him with the written notice pursuant to Article 12 1 3, in each case duly executed by him, together with the original certificates for the relevant Shares, except that failure to deliver up a duly executed form of election shall have the consequence that he will only be entitled to receive an amount per share equal to the Consideration

12 1 5 If any Other Shareholder fails to comply in full with Article 12 1 4(b) -

- (a) the Directors shall authorise and instruct such person or persons as they think fit to execute documents numbered (i) and, if applicable, (iii) referred to in Article 12 1 3 in the respective forms sent to that Other Shareholder and to deliver such documents to the Third Party Purchaser (or its agents) and, against receipt by the Company (on trust for that Other Shareholder) of the consideration receivable for the Shares to register the Third Party Purchaser or its nominees as the holder thereof, and after the Third Party Purchaser or its nominees have been registered as the holder thereof the validity of such proceedings shall not be questioned by any person, and
- (b) the chairman of any general, class or other meeting of the Company shall, pending registration of the Third Party Purchaser or its nominees as the holder of the Shares held by that Other Shareholder, be deemed to have received from that Other Shareholder an irrevocable form of proxy, regardless of that Other Shareholder's attendance at any such meeting, in respect of those Shares held by that Other Shareholder to attend such meeting and to vote in that Other Shareholder's name, both on a show of hands and on a poll, and the chairman shall be entitled to exercise the voting rights attached to such Shares as he thinks fit

12 1 6 Completion of the sale to the Third Party Purchaser of Shares by the Other Shareholders shall take place, and the payment and/or transfer by the Third Party Purchaser of the Consideration therefore shall be made, in accordance with the Purchase Agreements

12 1 7 For the purpose of ensuring -

- (a) that no Third Party Purchaser has acquired or may acquire a Controlling Interest otherwise than as permitted by this Article (and to that end for the purpose of determining whether one person is a Connected Person of another), or
- (b) that a price offered or proposed to be offered for any Relevant Shares is the Consideration,

the Directors may from time to time require any Shareholder to furnish to the Company for the time being such information and evidence as the Directors may reasonably think fit regarding any matter which they may deem relevant for such purposes

13 **COMPLIANCE**

13 1 For the purpose of ensuring compliance with the transfer provisions of these Articles, the Company shall immediately on being required to do so by the Majority Holder and may with Majority Consent require any Leaver or other Shareholder to procure that -

13 1 1 he, or

13 1 2 any proposed transferee of any Shares, or

13 1 3 such other person as is reasonably believed to have information and/or evidence relevant to such purpose

provides to the Company any information and/or evidence relevant to such purpose and until such information and/or evidence is provided the Company shall refuse to register any relevant transfer (otherwise than with Majority Consent)

13 2 Each Shareholder hereby irrevocably appoints the Company as his attorney (with the power to appoint any member of the Board as a substitute and to delegate to that substitute all or any powers hereby conferred, other than this power of substitution, as if he had been originally appointed by this power of attorney) to give effect to the provisions of these Articles

14 **GENERAL MEETINGS**

14 1 The final sentence of Regulation 38 of Table A shall be modified by the insertion of the words "known by the Board to be" after the words "to all persons"

14 2 No meeting of Shareholders shall be quorate unless those Shareholders present include (whether in person or by a duly authorised representative or a proxy) holders of more than 50% of the Ordinary Shares in issue for the time being and Regulation 40 of Table A shall be construed accordingly

14 3 Regulation 62 of Table A shall be modified by the substitution in paragraph (a) of the words "at any time" in place of "48 hours" and by the substitution in paragraph (b) of the words "at any time" in place of "24 hours"

15 **DIRECTORS**

15 1 **Numbers of Directors**

The number of directors (excluding alternate directors) shall not be less than two in number

15 2 **Appointment and removal of Directors**

15 2 1 The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director

15 2 2 Regulation 84 of Table A shall be modified by the deletion of the third and fourth sentences

15 2 3 No director shall be required to vacate his office as a Director, nor shall any person be ineligible for appointment as a Director, by reason of his having attained any particular age

15 2 4 The office of a director shall be vacated if -

- (a) he ceases to be a director by virtue of any provision of the Act or these Articles (including (without limitation) Article 15 2 5) or he becomes prohibited by law from being a director of a company, or

- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally, or
- (c) he is, or may be, suffering from mental disorder and either -
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983, or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs, or
- (d) he resigns his office by notice in writing to the Company, or
- (e) he is convicted of a criminal offence (other than a minor motoring offence) and the directors resolve that his office be vacated, or
- (f) in the case of a person who is also an employee of the Company or another Group Company, he ceases to be such an employee without so remaining an employee of any other member of the Group, or
- (g) he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated, or
- (h) all the other directors unanimously resolve that his office be vacated

15 2 5 In addition and without prejudice to the provisions of section 303 of the Act, the Company may by ordinary resolution remove any director before the expiration of his period of office and may by ordinary resolution appoint another director in his place

15 3 Proceedings of Directors

15 3 1 Notice of every meeting of the directors shall be given to each director at any address in the United Kingdom supplied by him to the Company for that purpose whether or not he is present in the United Kingdom provided that any director may waive notice of any meeting either prospectively or retrospectively and if he does so it shall be no objection to the validity of the meeting that notice was not given to him

15 3 2 Regulation 89 of Table A shall be modified -

(a) by the deletion of the words "may be fixed by the directors and unless so fixed at any other number" in the first sentence, and

(b) by the addition of the following as the final sentence -

"In the event that a meeting of the directors is attended by a director who is acting as alternate for one or more other directors, the director or directors for whom he is the alternate shall be counted in the quorum notwithstanding their absence, and if on that basis there is a quorum the meeting may be held notwithstanding the fact (if it is the case) that only one director is physically present"

(c) by the deletion of the word "two" in the second line thereof and the substitution therefor of the word "one"

15 3 3 Notices of meetings of the directors shall be given in writing and Regulation 111 of Table A shall be modified accordingly

15 3 4 Any director including an alternate director may participate in a meeting of the directors or a committee of the directors of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the Act, he shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is

15 3 5 Subject to the provisions of the Act and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office -

(a) may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested,

(b) may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested,

(c) may (and any firm or company of which he is a partner or member or director may) act in a professional capacity for the Company or any body corporate in which the Company is in any way interested,

(d) shall not by reason of his office be accountable to the Company for any benefit which he derives from such office service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit, and

(e) shall subject to Article 15 3 6 be entitled to vote and be counted in the quorum on any matter concerning the foregoing paragraphs of this Article

15 3 6 For the purposes of this Article -

(a) a general notice to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified,

(b) an interest 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, and

(c) an interest of a person who is for any purpose of the Act (excluding any statutory modification not in force when these Articles were adopted) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise

16 INDEMNITIES AND INSURANCE

16 1 Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution of his duties or in relation thereto including any liability incurred by him in defending any proceedings whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company

- 16 2 The directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is an officer or employee, or former officer or employee, of the Company or of a company which is a subsidiary of the Company or in which the Company has an interest (whether direct or indirect), or who is or was trustee of a retirement benefits scheme or another trust in which an officer or employee or former officer or employee is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or any liability which may lawfully be insured against by the Company