

COMPANIES ACTS 1985 TO 1989

COMPANY NUMBER 05508168

WRITTEN RESOLUTION OF

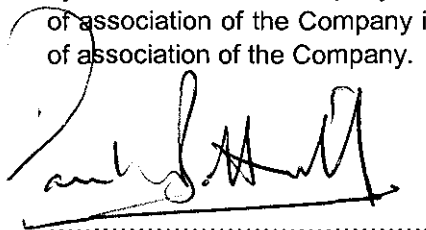
ALPHA SCHOOLS (HIGHLAND) HOLDINGS LIMITED

(the "Company")

We, the undersigned, being the only members of the Company who at the date of this resolution are entitled to attend and vote at general meetings of the Company **HEREBY RESOLVE** in accordance with Regulation 53 of Table A of the Companies (Tables A to F) Regulations 1985 (as amended) (which Regulation has been adopted by the Company as part of its Articles of Association) that the following Resolution shall be passed and the same shall be for all purposes as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

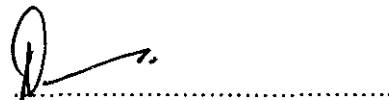
SPECIAL RESOLUTION

THAT the regulations contained in the printed document for the purpose of identification signed by a director of the Company be and the same are hereby approved and adopted as the articles of association of the Company in substitution for and to the exclusion of all the existing articles of association of the Company.



For and on behalf of **Morrison Education (Highland) Limited**

Dated: 29 March 2006



For and on behalf of **Northern Infrastructure Investments LLP**

Dated: 29 March 2006





Pinsent Masons

No 5508168

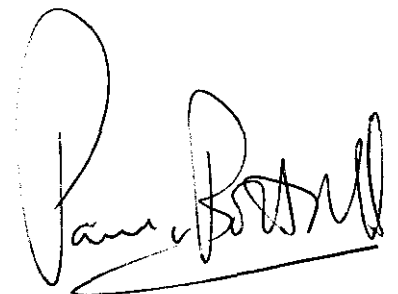
COMPANIES ACTS 1985 TO 1989
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

ALPHA SCHOOLS (HIGHLAND) HOLDINGS LIMITED

(adopted on 29 March 2006)



COMPANIES ACTS 1985 TO 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

ALPHA SCHOOLS (HIGHLAND) HOLDINGS LIMITED

1. DEFINITIONS AND INTERPRETATION

- 1.1 The regulations contained in Table A in The Companies (Tables A to F) Regulations 1985 (hereinafter referred to as "Table A") shall apply to the Company save in so far as they are hereby modified or excluded.
- 1.2 Regulations 8, 24, 26 and 73 to 80 inclusive, of Table A shall not apply to the Company.
- 1.3 In the articles, unless the context otherwise requires:

"Affiliate" means:

- (i) in relation to any person, any holding company or subsidiary of that person or any subsidiary of such holding company and "holding company" and "subsidiary" shall have the meaning given to them in section 736 of the Companies Act 1985; and
- (ii) in relation to Northern (or any successor thereto), any 3i Related Party.

(and for the purposes of these articles **"subsidiary"** and **"holding company"** shall have the meanings given to them in Section 736 of the Act, as amended or re-enacted from time to time);

"Appointor" means, in relation to a director, any Beneficial Owner of Ordinary Shares which has appointed that director in accordance with article 15.2;

"Beneficial Owner" means, in respect of any Ordinary Shares the person who is the beneficial owner of such Ordinary Shares at such time (and for this purpose a person shall be deemed to remain the beneficial owner of shares notwithstanding that those shares are transferred to, or to a nominee for, a bank or other financial institution by way of security);

"Board" means the board of directors from time to time of the Company or the directors present or deemed to be present at a duly convened meeting of the directors at which a quorum is present;

"Business Day" means a day on which banks and financial markets are generally open for business in London;

"Deed of Adherence" means the deed of adherence in draft form attached to the Shareholders Agreement as Appendix A;

"Equity Subscription Agreement" the equity subscription agreement of even date made between (1) Alpha Schools (Highland) Project PLC (2) the Company (3) Alpha Schools (Highland) Limited (4) Morrison and Northern (5) Prudential Trustee Company Limited (6) AMBAC Assurance UK Limited (7) European Investment Bank;

"Fair Value" means the fair value of each share comprised within a Transfer Notice as at the Valuation Date as shall be agreed by the Proposing Transferor and the Company or, failing agreement within a period of twenty one days after the date of receipt of the Transfer Notice by the Company, as shall be determined by the auditor for the time being of the Company (acting as an expert and not as an arbiter and whose certificate shall be final and binding for these purposes) by valuing the total number of Ordinary Shares in issue at the Valuation Date (assuming that the Loan Notes are valued at their par value) and dividing such valuation by the total number of Ordinary Shares in issue at the Valuation Date;

"Loan Notes" means the loan notes issued or to be issued by the Company and subscribed or to be subscribed for by Northern and Morrison (in their capacity as stockholders) pursuant to the Equity Subscription Agreement and a loan note instrument;

"Morrison" means Morrison Education (Highland) Limited a company incorporated in England and Wales under registered number 05568098 and having its registered office at Anglian House, Ambury Road, Huntingdon, Cambridgeshire, PE29 3NZ;

"New Shareholder" a Shareholder other than Northern or Morrison;

"Northern" means Northern Infrastructure Investments LLP a limited liability partnership incorporated in England and Wales under partnership number OC318580 and having its registered office at 16 Palace Street, London SW1E 5JD;

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

"Project" has the meaning given to it in the Shareholders Agreement;

"Proposing Transferor" has the meaning given to it in article 9.1;

"Qualifying Shareholder" means any Shareholder holding at least 25% of the Ordinary Shares;

"Relevant Documents" has the meaning given to it in the Shareholders Agreement;

"Relevant Percentage" means in respect of any Shareholder, the relevant proportion of Ordinary Shares and/or Loan Notes held by that Shareholder (whether legally or beneficially) at the relevant time and calculated as a proportion of the total amount of Ordinary Shares and/or Loan Notes in issue at the relevant time and from time to time;

"Shareholder" a holder of Ordinary Shares;

"Shareholders Agreement" means the agreement on or about the date of the adoption of these articles entered into between (1) Northern (2) Morrison (3) Alpha Schools (Highland) Project PLC (4) Alpha Schools (Highland) Limited and (5) Alpha Schools (Highland) Holdings Limited;

"3i Related Party" means any of (i) 3i Group plc (Co No 01142830) and its subsidiary undertakings, any parent undertaking of 3i Group plc and any subsidiary undertakings of that parent undertaking (together **"3i Group"**); or (ii) any fund, investment vehicle or other entity formed or incorporated in any jurisdiction which is managed by an entity in the 3i Group or in which any entity in the 3i Group has a majority economic interest (together **"3i Funds"**);

"Transfer Notice" has the meaning given to it in article 9.1; and

"Valuation Date" means the date specified in a Transfer Notice in respect of a proposed transfer of any Ordinary Share.

2. PRIVATE COMPANY

The Company is a private company and accordingly no offer shall be made to the public (whether for cash or otherwise) of any shares in or debentures of the Company and no allotment or agreement to allot (whether for cash or otherwise) shall be made of any shares in or debentures of the Company with a view to all or any of those shares or debentures being offered for sale to the public.

3. SHARE CAPITAL

3.1 The share capital of the Company is £50,100 divided into 50,100 Ordinary Shares of £1 each.

3.2 The directors may unconditionally exercise the power of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act). The general authority conferred by this article shall:-

3.3 extend to all relevant securities of the Company created but unissued at the date of these articles;

3.4 expire on the fifth anniversary of the incorporation of the Company unless varied or revoked or renewed by the Company in General Meeting; and

3.5 entitle the directors to make at any time before the expiry of such authority any offer or agreement which will or may require relevant securities to be allotted after the expiry thereof.

4. Subject to and without prejudice to the generality of the provisions of article 3 any shares unissued at the date of the adoption of this article and any shares hereafter created shall be under the control of the directors who may allot, grant options over or otherwise deal with or dispose of the same to such persons (including the directors themselves) on such terms and in such manner as they think fit, provided that no shares shall be issued at a discount.

5. In accordance with Section 91(1) of the Act, Sections 89(1) and 90(1) to (6) inclusive of the Act shall be excluded from applying to the Company.

6. LIEN AND CALLS ON SHARES

The Company shall have a first and paramount lien on every share (whether or not it is a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share and the Company shall also have a first and paramount lien on all shares (whether fully paid or not) standing registered in the name of any member whether solely or one of two or more joint holders for all moneys presently payable by him or his estate to the Company; but the directors may at any time declare

any share to be wholly or in part exempt from the provisions of this article. The Company's lien on a share shall extend to all dividends payable thereon.

7. The following sentence shall be added to the end of regulation 15 of Table A: "such persons shall also pay to the Company all expenses that may have been incurred by the Company by reason of such non-payment"

8. **TRANSFER OF SHARES**

- 8.1 No Shareholder shall dispose of any legal or beneficial interest in all or any of its Ordinary Shares save to the extent permitted by the Relevant Documents (including clause 6 of the Equity Subscription Agreement) and each Shareholder shall in any event comply with the provisions of articles 8 to 10 and the directors shall not register any transfer of any share in the capital of the Company, and the right to transfer shares in the capital of the Company is restricted accordingly, unless (i) it is made in accordance with the provisions of articles 8 to 10 (inclusive) and (ii) the person to whom such transfer is proposed has become a party (in the capacity of a Shareholder) to the Shareholders Agreement by the entry into of a Deed of Adherence.

- 8.2 Each Shareholder must at all times hold, in aggregate, the same Relevant Percentage of and the same interest (being legal and/or beneficial) in the Ordinary Shares as it does in Loan Notes. Save to the extent the context otherwise requires, the Shareholders will not, and will procure that their Affiliates will not, take or omit to take any action which would or would be reasonably likely to result in a breach of this article 8.2, and any issue (including the grant of any option or right to subscribe), transfer or other disposal of any Ordinary Shares and/or Loan Notes or of any interest therein which would or would be reasonably likely to result in a breach of this article 8.2 shall not be permitted without the prior unanimous written consent of the Shareholders.

- 8.3 No Shareholder shall dispose of any legal or beneficial interest in all or any of its Ordinary Shares unless the disposal is in accordance with clause 6 of the Equity Subscription Agreement and does not breach any other provision of the Equity Subscription Agreement and article 8.2.

- 8.4 The Ordinary Shares may be transferred at any time:

- (a) with the prior written consent of the other Shareholder(s); or
- (b) where the disposal is by any member to an Affiliate of that member provided that where shares in the capital of the Company have been so transferred (whether directly or by a series of transfers) from a body corporate (the "**transferor company**", which expression shall not include a second or subsequent transferor in any such series of transfers) to an Affiliate of that body corporate (the "**transferee company**") and the transferee company ceases to be a member of the same group of companies as the transferor company, then the transferee company shall forthwith transfer back to the transferor company, or, if the transferor company is no longer a member of the group of companies of which it was a part at the time of the original transfer, to a company which is a member of the group of companies of which the transferor company was a part when the original transfer was made, all of the shares previously transferred; or

- (c) in the case of Northern, where the disposal is by Northern to a 3i Related Party, provided that where shares in the capital of the Company have been so transferred (whether directly or by a series of transfers) from Northern (the "**transferor**", which expression shall not include a second or subsequent transferor in any such series of transfers) to a 3i Related Party (the "**transferee**") and the 3i Related Party ceases to be a 3i Related Party, then the transferee shall forthwith transfer back to the transferor, or, if Northern is no longer a 3i Related Party, another 3i Related Party, all of the shares previously transferred; and
- (d) in each case the transferee has entered into a Deed of Adherence.

9. PRE-EMPTION PROCEDURE

- 9.1 If any member or other person entitled to shares in the capital of the Company (a "**Proposing Transferor**") wishes to sell or transfer all or any of his shares (other than in accordance with articles 4 and 8.4), he shall give notice in writing to that effect (a "**Transfer Notice**") to the Company stating the number of shares in the capital of the Company to be sold or transferred and the price offered by a purchaser found by the Proposing Transferor (if any). Such notice shall constitute the Company as his agent for the sale of such shares to any person or persons, including the Company. A Proposing Transferor shall be permitted to make it a condition of the Transfer Notice that none of the shares the subject of the Transfer Notice shall be sold under the provisions of this article if buyers are not found for all the Shares the subject of the Transfer Notice (a "**Total Transfer Condition**"). A Transfer Notice shall not be revocable from the date it is received by the Company ("**the Relevant Date**") except with the agreement of the Company or where the Proposing Transferor gives notice to the Company that it is not willing to sell its shares at the Fair Value following determination of the Fair Value by the Company's auditor pursuant to article 9.2 (such notice to be given within 10 Business Days of the Proposing Transferor being notified by the Company of the determination of the Fair Value by the auditor).
- 9.2 If the Proposing Transferor has identified an arm's-length purchaser and included the price offered by that purchaser in the Transfer Notice, then such price shall constitute the **Prescribed Price**. If no such price is contained in the Transfer Notice, the Prescribed Price shall be the Fair Value.
- 9.3 With a view to finding any additional purchaser for the shares comprised in a Transfer Notice, the Company shall, within three Business Days of the Relevant Date (or, if later, within three Business Days of the agreement of determination of the Purchase Price), first offer such shares the subject of the Transfer Notice to the members then holding the remaining shares in the capital of the Company (other than any shares which at the date of such offer are subject to another Transfer Notice) as nearly as may be in proportion to the nominal value of their respective holdings of such shares. Such offer shall:-
 - (a) be open for acceptance for a period of 28 days ("**the Acceptance Period**") after which such offer if not accepted in whole or in part shall be deemed to be declined; and
 - (b) notify such members that any such member who desires to purchase shares in excess of his proportion shall in his reply state how many additional shares he desires to purchase at the Prescribed Price.

If all such members do not accept their proportions in full, the unaccepted shares shall be used for satisfying any claims for additional shares. If there shall be insufficient of the unaccepted shares to satisfy in full all such claims for additional shares, the unaccepted shares shall be distributed amongst the members making such claims as nearly as may be in proportion to the nominal value of their said respective holdings of shares in the Company.

- 9.4 The Company shall notify the Proposing Transferor and all purchasing members of the details of the acceptances and applications which have been made and of the allocations made as between purchasing members under this article within 5 Business Days of expiry of the Acceptance Period.
- 9.5 Each member shall be bound by the terms of any acceptance and application made by him to purchase in accordance with this article such number of shares as are specified in the acceptance at the Prescribed Price.
- 9.6 If any of the shares included in a Transfer Notice are accepted (or all of the shares included in the Transfer Notice are accepted where the Proposing Transferor has made the Transfer Notice subject to a Total Transfer Condition) by the members pursuant to Article 9.3, completion of the sale and purchase of the relevant shares shall take place at a place and time specified by the Company in its notification given pursuant to article 9.4 (which shall be a date which falls within 5 and 10 Business Days after the date of such notification) when the Proposing Transferor shall deliver duly executed transfers of the relevant shares and their relative share certificates against payment of the price for such shares. The Proposing Transferor shall be bound, upon payment of the Prescribed Price for the shares, to transfer the shares which have been allocated pursuant to this article to the purchasing members.
- 9.7 If, having become bound as aforesaid, the Proposing Transferor makes default in transferring any shares in the capital of the Company to a purchaser thereof, the directors shall be entitled to nominate one of their number to receive the purchase money, to execute a transfer on behalf of the Proposing Transferor, to cause the name of the purchaser to be entered in the register of members as the holder of the shares and to do any other act or thing or execute any other document required to effect the purchase of the shares and the Company shall be entitled to hold the purchase money in trust for the Proposing Transferor.

The receipt by the Company of the purchase money shall be a good discharge to a purchaser and after the purchaser's name has been entered in the register of members or, in the case of a purchase by the Company, after any of the shares have been cancelled, the validity of the proceedings shall not be questioned by any person.

- 9.8 If:
- (a) any of the shares included in a Transfer Notice are not accepted (or unless all of the shares included in the Transfer Notice are accepted where the Proposing Transferor has made the Transfer Notice subject to a Total Transfer Condition) by the members pursuant to Article 9.3; or
 - (b) a purchasing member fails to complete the purchase of shares in accordance with article 9.6,

the Proposing Transferor shall, at any time within 120 Business Days of the Transfer Notice (or, if later, within 120 Business days of the agreement or determination of the Prescribed Price) ("**the Third Party Acceptance**

Period") be entitled to dispose of any of the shares not accepted (or all of the shares specified in the Transfer Notice if the Transfer Notice included a Total Transfer Condition, in which case no member's acceptance pursuant to Article 9.3 shall be valid), or the shares not purchased in accordance with article 9.6, to a purchaser specified in the Transfer Notice, but at a price per share not less than the Prescribed Price.

9.9 If, within the Third Party Acceptance Period, the Proposing Transferor proposes to sell shares the subject of the Transfer Notice to any third party other than a purchaser specified in the Transfer Notice, the shares for sale shall first be offered again for sale pursuant to articles 9.1 to 9.8, save that in connection with such re-offer the period specified in article 9.3(a) shall be 7 Business Days.

10. **OTHER PROVISIONS REGARDING TRANSFER OF SHARES**

10.1 Notwithstanding the foregoing provisions regarding transfer of shares in articles 8 and 9, any transfer of any shares in the capital of the Company must be in accordance with the provisions of the Relevant Documents.

10.2 The directors shall not be entitled to decline to register a transfer of any shares made pursuant to the provisions of articles 8 and 9 except:-

- (a) when they have reason to believe that a transfer purportedly within article 8.4 (b) or 8.4 (c) should on the facts have been the subject of a Transfer Notice;
- (b) where the Company has a lien over any of the shares comprised in such transfer;
- (c) where it is in favour of more than four transferees; or
- (d) where it is a transfer of nil or partly paid shares and it has not been executed by or on behalf of both the transferor and the transferee.

11. **PROCEEDINGS AT GENERAL MEETINGS**

11.1 If and so long as, the Company has only one member the quorum for a General Meeting shall be one. Regulation 40 of Table A shall be modified accordingly.

11.2 No business shall be transacted at any general meeting unless a quorum is present. The quorum for a general meeting shall be each Qualifying Shareholder present in person or by proxy or (in the case of a corporation) by a duly authorised representative and entitled to vote. The absence of a quorum shall not preclude the appointment of a chairman in accordance with the provisions of these articles, which shall not be treated as part of the business of the meeting.

11.3 The following provisions shall apply:

- (a) if a quorum is not present within half an hour from the time appointed for the commencement of the meeting or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to such time and place as the chairman (or, in default, the Board) shall appoint;
- (b) at any adjourned meeting if a quorum is not present within half an hour from the time appointed for the commencement of the meeting or if during the meeting a quorum ceases to be present at

the adjourned meeting those members present at the meeting (either in person or by proxy or (in the case of a corporation) by a duly authorised representative) or after the cessation shall be deemed to be a quorum; and

(c) written notice of no less than seven days of an adjourned meeting shall be required to be given.

12. There shall be added to the last sentence of regulation 41 of Table A the words "and if at the adjourned Meeting a quorum is not present within fifteen minutes after the time appointed for the Meeting, one person entitled to be counted in a quorum present at the Meeting shall be a quorum.

13. A poll may be demanded at any General Meeting by the Chairman or by any member present in person or by proxy and entitled to vote. Regulation 46 of Table A shall be modified accordingly.

14. **VOTES OF MEMBERS**

A proxy shall be entitled to vote on a show of hands and regulation 54 of Table A shall be modified accordingly.

15. **DIRECTORS**

Number of Directors

15.1 Unless and until otherwise determined by all the Shareholders, the number of directors shall be not less than two and shall not be more than four. A director shall not be required to hold any shares in the Company.

Appointment of Directors

15.2 Each Qualifying Shareholder holding less than 50% of the Ordinary Shares shall be entitled to appoint and remove one director of the Company and a Qualifying Shareholder holding 50% or more of the Ordinary Shares shall be entitled to appoint and remove two directors of the Company. Any such appointment or removal of a director by a Qualifying Shareholder shall be effected by notice in writing to the Company signed by or on behalf of the Qualifying Shareholder in question and shall take effect when the notice effecting the same is delivered to the registered office of the Company.

Appointment of Alternate Directors

15.3 Each director shall be entitled to appoint an alternate director by notice in writing to the Company at its registered office signed by or on behalf of the director in question and such appointment shall take effect, subject to any contrary intention expressed in the notice, when the notice effecting the same is delivered to the Company. Any such appointment of alternates shall, unless otherwise set out in the aforementioned notice, be for the purposes of a specific board meeting, as set out in the notice.

Director's Fees

15.4 Save to the extent permitted by the Shareholders Agreement, the directors shall not be entitled to receive any remuneration from the Company in respect of their office as directors.

Additional Remuneration

- 15.5 Any director who, at the request of the Board, goes or resides abroad, makes any special journey or performs any special services on behalf of the Company or its business, may be paid such reasonable additional remuneration therefor, whether by way of salary or otherwise and expenses, as the Board, with the prior written consent of all the Shareholders may from time to time determine.

Remuneration and Expenses of Alternate Directors

- 15.6 An alternate director shall not be entitled as against the Company to any fees for his services as an alternate; the fee payable to any such alternate shall be payable out of the fee payable to his Appointor and shall consist of such portion (if any) of the fee as he shall agree with his Appointor. Subject to this article, an alternate director shall be paid by the Company such expenses as might properly have been repaid to him if he had been a director.

Delegation of Committees

- 15.7 The Board may, with the prior written consent of all the Shareholders, delegate any of its powers, authorities and discretions for such time upon such terms and subject to such conditions as it thinks fit to any committee consisting of two or more directors and (if thought fit) one or more other persons (provide that a majority of the members of a committee shall be directors or alternate directors and no resolution of a committee shall be effective unless a majority of those present when it was passed are directors or alternate directors). Subject to any such terms and conditions, the proceedings of a committee with two or more members shall be governed by the articles regulating the proceedings of directors so far as they are capable of applying. The Board may, with the prior written consent of all the Shareholders, confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the board in that respect and may from time to time revoke, withdraw, alter or vary all or any of such powers and discharge any such committee in whole or in part.

Power of Attorney

- 15.8 The Board may by power of attorney or otherwise and with the sanction of all the Shareholders, appoint any person or persons to be the agent of the Company and may delegate to any such person or persons any of its powers, authorities and discretions (with power to sub-delegate), in each case for such purposes and for such time, upon such terms (including remuneration) and subject to such conditions as it thinks fit. The Board may, with the prior written consent of all the Shareholders, confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board in that respect and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Directors' Interests

- 15.9 Subject to the provisions of the Act and provided that articles 15.10 and 15.13 are complied with, a director, notwithstanding his office:-
- (a) may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested either in regard to his tenure or any office or place of profit or as vendor, purchaser or otherwise;

- (b) may hold any other office or place of profit under the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of director and may act by himself or through his firm in a professional capacity to the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange either in addition to or in lieu of any remuneration provided for by any other article;
- (c) may be a director or other officer, or employed by, or a party to any transaction or arrangement with or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
- (d) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transaction or proposal and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

15.10 Subject to the provisions of article 15.11, a director (or his Alternate) shall be entitled to attend and speak at meetings at which resolutions are discussed and receive papers relating thereto (subject to any restrictions in the Shareholders Agreement), but shall not be entitled to vote on a resolution proposed at a Board meeting (other than in relation to other matters at that meeting), relating to:

- (a) the entering into or replacement of any contract, transaction or arrangement, or any amendment or variation thereof, in which such director has an interest; or
- (b) in relation to a director appointed by a Qualifying Shareholder, any dispute relating to any contract in which that Qualifying Shareholder or any of its Affiliates is interested; or
- (c) the commencement, conduct or compromise of any dispute, arbitration, litigation or other proceedings concerning the director and/or his appointing Qualifying Shareholder (or any of its Affiliates),

and the quorum requirements of the relevant meeting at which such resolution is proposed shall be reduced in relation to such resolution by one for each Qualifying Shareholder whose directors are not entitled to vote thereon in accordance with this article 15.10.

15.11 In the event that all directors appointed by the Qualifying Shareholders would be prohibited from voting in relation to a particular matter as a result of the provisions of article 15.10, all of the directors appointed by the Qualifying Shareholders shall be entitled to vote and shall be counted in the quorum for the relevant part of such meeting.

15.12 For the purposes of article 15.10 a director shall be "interested" or have an "interest" or a matter may be "concerning" in relation to a contract or matter in which they, their appointing Qualifying Shareholder or any of their Affiliates, have an economic interest, a conflict of interest and/or is a party to such contract.

15.13 A director who, to his knowledge, is in any way (directly or indirectly) interested in any contract, arrangement, transaction or proposal 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, arrangement, transaction or proposal is first considered, 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) a general notice given to the Board by a director that he is to be regarded as having an interest (of the nature and extent specified in the notice) in any contract, transaction, arrangement or proposal in which a specified person or class of persons is interested shall be deemed to be a sufficient disclosure under this article in relation to such contract, transaction, arrangement or proposal; and
- (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.

Notice of Board Meetings

- 15.14 The Board shall meet at least once every month during the construction phase of the Project (provided that the directors may agree to cancel or postpone any monthly meeting (provided that they meet at least once every quarter)) and shall meet at least once every quarter thereafter. Any director may convene a meeting of the Board on not less than two Business Days' notice unless agreed otherwise by the relevant directors, to consider any matter which requires urgent deliberation. Any director may, and the secretary at the request of a director shall, summon a meeting of the Board at any time giving notice of the meeting to each director at his last known address or any other address given by him to the Company for this purpose.
- 15.15 Save in the case of a meeting convened by a director pursuant to article 15.14 in respect of a matter requiring urgent deliberation, there shall be prepared by the secretary of the Company, and circulated at least seven days ahead of the scheduled date of each meeting of the Board an agenda specifying the place and time of the meeting and in reasonable detail the business proposed to be discussed thereat. The agenda and all Board papers shall be circulated to the directors and the Shareholders. Any director may require the secretary to include an item on the agenda. No business which is not on the agenda circulated as provided for in this article 15.15 shall be voted upon or made the subject of a resolution at any such meeting without the consent of all directors present at the meeting. Minutes of all meetings of the Board shall be circulated to the directors and to the Shareholders within 7 days of the meeting together with any additional papers tabled or not previously circulated.
- 15.16 All such meetings will be held at the registered office of Alpha Schools (Highland) Project PLC or at such other place as the directors, failing whom the Shareholders, may from time to time agree.

Quorum

- 15.17 Subject to article 15.10, the quorum for the transaction of all business of the Board shall be one director (or his alternate) appointed by each Qualifying Shareholder. Any director may appoint an alternate director to attend and vote at Board meetings in his place. Such alternate director may be an existing director. A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers, and discretions for the time being vested in or exercisable by the Board.

- 15.18 If a quorum is not present within half an hour from the time appointed for the commencement of the meeting or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned until such time and place as those present shall decide. Notice of the adjourned meeting shall be given to all directors in the normal way and if after half an hour from the time appointed for the commencement of the adjourned meeting a quorum is not present or if during such meeting a quorum ceases to be present then those directors present at the meeting or after the cessation shall be deemed to be a quorum. For the avoidance of doubt, the only matters which may be dealt with at such adjourned meeting are those on the agenda for the original meeting before it was adjourned.

Chairman of the Board

- 15.19 The chairman of the Board shall be nominated and/or replaced annually by the Board in rotation between the Shareholders starting with a director appointed by Morrison. The chairman shall not be entitled to a second or casting vote on any matter. If no such chairman is elected, or if at any meeting the chairman is not present within thirty minutes of the time appointed for holding the same, the directors and alternate directors (in the absence of their appointors) present shall choose one of their number to be chairman of such meeting.

Voting

- 15.20 Subject to the provisions of article 15.10 all decisions of the Board shall require the approval of at least one director appointed by each Qualifying Shareholder present in person (or attending by telephone) or by their alternate (in the absence of his Appointor) at the meeting.

Participation by Telephone

- 15.21 Any director or his alternate 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. Minutes recording the resolutions passed or decisions made at such a meeting shall be made and circulated in the same way as if all those participating in the meeting had been physically present in the same place. 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 a manner by the Board or a committee of the Board shall for the purposes of the articles be deemed to be validly and effectively transacted at a meeting of the Board or a committee 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 is.

Power of Directors

- 15.22 The directors may exercise the voting power conferred by the shares in any other company held or owned by the Company in such manner as they think fit, including the exercise thereof in favour of any resolution appointing them or any of their number directors or officers of such other company or voting or providing for the payment of remuneration to the directors or officers of such other company.

16. **INSOLVENCY EVENTS OR DEFAULT EVENTS IN RELATION TO SHAREHOLDERS**

- 16.1 If an Insolvency Event or a Default Event or a Change of Control (each being a "**Relevant Event**") occurs in relation to any Shareholder (in this article 16 hereinafter called an "**Affected Shareholder**") then the provisions of this article 16 shall apply.
- 16.2 If a Relevant Event occurs in relation to any Shareholder, then (unless the other Shareholder(s) agree to the contrary and notwithstanding any provision of these articles with effect from the date of occurrence of the Relevant Event in question (in the case of Ordinary Shares and Loan Notes which are attributable to the Affected Shareholder at that date) or the time at which the Ordinary Shares and Loan Notes become attributable to the Affected Shareholder (in the case of Ordinary Shares and Loan Notes which subsequently become attributable to it) the Ordinary Shares attributable to the Affected Shareholder shall cease to have any rights to dividend or other participation in profits of the Company, any rights to participate in a return of capital or assets on a winding-up or otherwise of the Company (save to the extent specified in article 16.3), any rights to appoint (or to participate in any decision regarding the appointment of) directors of the Company, any rights to receive notice of or to attend (either in person or by proxy) general meetings of the Company or any class of members of the Company or to speak or vote thereat (either personally or by proxy).
- 16.3 Article 16.2 shall not affect the right attaching to the Ordinary Shares attributable to the Affected Shareholder to a return of the capital paid up on the Ordinary Shares in a winding-up of the Company.
- 16.4 This article 16 shall not limit or affect any rights which the Company or any other person has against the Affected Shareholder.
- 16.5 If a Relevant Event has occurred in relation to an Affected Shareholder, then the other Shareholder(s) shall have the right with effect from the 21st day following the occurrence of such Relevant Event, to purchase or procure the purchase, on a pro rata basis, of all (but not some only) of the Ordinary Shares and Loan Notes held by the Affected Shareholder or any of its Affiliates free from all encumbrances.
- 16.6 If a Loan Note Event occurs in relation to a Shareholder (the "**Defaulting Shareholder**"), then the other Shareholder(s) shall have the right to purchase or procure the purchase of the Ordinary Shares held by the Defaulting Shareholder and the Defaulting Shareholder will procure the transfer of any Ordinary Shares held by any of its Affiliates in an amount equal to the proportion of Loan Notes which the non-defaulting Shareholder has subscribed following a Loan Note Event in accordance with clause 2.4 of the Equity Subscription Agreement and in accordance with article 16.7.
- 16.7 The right conferred upon the other Shareholder(s) under article 16.5 shall be exercisable by any such Shareholder serving a notice upon the Affected Shareholder at any time on or after the 21st day following the Relevant Event, and the right conferred upon the other Shareholder under article 16.6 shall be exercisable by the other Shareholder serving a notice upon the Defaulting Shareholder at any time on or after the occurrence of the Loan Note Event and:
- 16.7.1 the price payable per Share by the other Shareholder(s) to the Affected Shareholder or the Defaulting Shareholder, as applicable, shall be, in the event of a Change of Control, a sum equal to the Fair Value per Share and, in the event of any other Relevant

Event, a sum equal to ninety per cent. of the Fair Value per Share, each as determined in accordance with these articles. Should the Affected Shareholder or the Defaulting Shareholder, as applicable, fail to execute a transfer of his Ordinary Shares and/or Loan Notes in favour of the other Shareholder(s) within seven days of his having received the price therefore, the directors shall be entitled to nominate one of their number to receive the purchase money, to execute transfers on behalf of the Affected Shareholder or Defaulting Shareholder, to cause the name of the purchaser to be entered in the registers of members or loan notes holders (as the case may be) as the holder of the Ordinary Shares or Loan Notes and to do any other act or thing or execute any other document required to effect the purchase of the Ordinary Shares and/or Loan Notes and the Company shall be entitled to hold the purchase money in trust for the Affected Shareholder or the Defaulting Shareholder;

- 16.7.2 the price payable by the other Shareholder(s) for the Loan Notes held by the Affected Shareholder shall be a sum equal to the nominal value of the Loan Notes outstanding as determined on the 21st day following the Relevant Event.

For the avoidance of doubt, should any Shareholder elect not to exercise its rights under article 16.5, then the other Shareholder(s) shall be entitled to purchase all (but not some only) of the Ordinary Shares and Loan Notes of the Affected Shareholder at such price (on a pro rata basis to the extent there is more than one other Shareholder).

- 16.8 In this article:-

16.8.1 **"Insolvency Event"** shall mean, in relation to any Shareholder, the passing by that Shareholder or any holding company of that Shareholder of any resolution for winding-up, the making of a winding-up order in relation to that Shareholder or any such holding company by any court of competent jurisdiction, the appointment of an administrator or similar officer to that Shareholder or such holding company or the appointment of a receiver, administrative receiver, trustee, custodian or similar officer of all or a material part of the assets or revenues of that Shareholder or such holding company and the expression **"winding-up"** shall include any equivalent or analogous event or proceeding under the law of the jurisdiction in which the relevant Shareholder or holding company is incorporated or of any jurisdiction in which it carries on business;

16.8.2 **"Default Event"** shall mean, in relation to any Shareholder, a failure to pay any sum which has become due for payment by it to the Company, Alpha Schools (Highland) Project PLC or Alpha Schools (Highland) Limited pursuant to this Agreement or the Finance Documents by the end of a period of 5 (five) days beginning on the date on which the Company, Alpha Schools (Highland) Project PLC or as the case may be, Alpha Schools (Highland) Limited sends a written demand for payment of the sum in question to the Shareholder, or a material breach by that Shareholder of any other provision of this Agreement which is irremediable, or in the event of a material breach by that Shareholder of any other provision of this Agreement which is remediable such Shareholder fails to remedy such breach in a manner satisfactory to the other Shareholder(s) by the end of a

period of 30 days beginning on the date on which the other Shareholder(s) give notice to that Shareholder to remedy the same;

- 16.8.3 **"Ordinary Shares attributable to a Shareholder"** shall mean, in relation to any Shareholder, all Ordinary Shares of which that Shareholder is the beneficial owner (whether at or subsequent to the date of occurrence of a Relevant Event in relation to that Shareholder) and for this purpose a Shareholder shall be deemed to remain the beneficial owner of its Ordinary Shares notwithstanding that any transfer to, or to a nominee for, a bank or other financial institution by way of security;
- 16.8.4 **"Loan Note Event"** shall mean, in relation to any Shareholder (i) any failure by such Shareholder to pay any sum which has become due for payment by it to the Company pursuant to the Equity Subscription Agreement; or (ii) its obligations under the Equity Subscription Agreement have ceased to be secured by Acceptable Security, and the other Shareholder has exercised its right to subscribe for Loan Notes under clause 2.4 of the Equity Subscription Agreement; and
- 16.8.5 **"Change of Control"** the situation where a body corporate ceases to be controlled (as defined by section 840 of the Income and Corporation Taxes Act 1988) by the person(s) who controlled such a body corporate on the date on which it became a Shareholder of the Company provided always that no change of control will have taken place: (i) in respect of Northern, if it remains controlled (whether legally or beneficially) by an existing 3i Related Party; or (ii) in respect of Morrison, if it remains controlled (whether legally or beneficially) by an existing parent undertaking or subsidiary undertaking of Morrison (or any other subsidiary undertaking of such existing parent undertaking); or (iii) in respect of any New Shareholder, that Shareholder remains controlled (whether legally or beneficially) by an undertaking that was at the date the New Shareholder became a Shareholder and remains a parent undertaking of that Shareholder (or a subsidiary undertaking of such parent undertaking). For the avoidance of doubt, no Change of Control will occur: (i) in respect of Northern, solely as a result of a change of control (whether legally or beneficially) of 3i Group plc; or (ii) in respect of any other Shareholder, solely as a result of that Shareholder's ultimate parent undertaking existing at such time being subject to a change of control (whether legally or beneficially).

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