

Company Number: 4218275

**THE COMPANIES ACTS 1985 TO 1989**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**- of -**  
**UK eUNIVERSITIES WORLDWIDE LIMITED**

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**PRELIMINARY**

1.
  - (A) The regulations in Table A in the Companies (Table A to F) Regulations 1985 do not apply to the Company.
  - (B) In these regulations -
    - “A” Director” means the director appointed as such pursuant to Article 76;
    - “A” Shares” means an “A” ordinary share of 1p each in the share capital of the Company;
    - "the Act" means the Companies Act 1985 including any statutory modification or re-enactment thereof and statutory instrument relevant thereto or derived therefrom for the time being in force;
    - "the Articles" means the Articles of the Company;
    - “B” Director” means the director appointed as such pursuant to Article 76;
    - “B” Shares” means a “B” ordinary share of 1p each in the share capital of the Company;
    - "clear days" in relation to the period of notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
    - “Contracting Authority” has the meaning given by Regulation 3 of the Public Services Contract Regulations 1993;
    - "executed" includes any mode of execution whether under seal or under hand;
    - "holder" in relation to shares means the member whose name is entered in the register of members as the holder of the shares;
    - "member" means any holder for the time being of shares;
    - "office" means the registered office of the Company;
    - "Ordinary Share Capital" means all of the Ordinary Shares for the time being in issue and Ordinary Shares shall be construed accordingly;
    - "Ordinary Shares" means the “A” Shares and “B” Shares having the rights and privileges set out in these Articles;

"the seal" means the common seal of the Company;

"secretary" means any person appointed to perform the duties of the secretary of the Company including a joint assistant or deputy secretary;

"Shareholders Agreement" means the agreement made between (1) eLearning Holding Company Limited (2) [Trust] and (3) the Company;

"shares" means (unless the context does not so admit) shares in the capital of the Company (of whatsoever class);

"Shareholder" means the holder of any Ordinary Shares;

"subsidiary" the meaning given in Section 736 of the Act.

"the Trust" means the Guillemont Trust

Unless the context otherwise requires, words or expressions contained in these regulations bear the same meaning as in the Act (as in force when these regulations become binding on the Company).

Words denoting the singular include the plural and vice versa. Words denoting the masculine include the feminine and neuter. Words denoting persons include corporations.

A special or extraordinary resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of the Articles or the Act.

## **SHARE CAPITAL**

2.
  - (A) The share capital of the Company is £690,000 divided into 34.5 million "A" Shares of 1p each and 34.5 million "B" Shares of 1p each.
  - (B) In the Articles, except where the context otherwise requires, references to "A" Shares and "B" Shares shall be deemed to include shares of those classes created and/or issued after the date of adoption of the Articles and ranking *pari passu* in all respects (or in all respects save only as to the date from which such shares shall rank for dividend) with the shares of the relevant classes then in issue.
  - (C) Save as specified in these Articles the "A" Shares and "B" Shares shall rank *pari passu* but they constitute separate classes of shares.

## **CLASS RIGHTS**

3. 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 either whilst the Company is a going concern or during or in contemplation of a winding up with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class.
4. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and (except as by the Articles or by law otherwise provided) the Company shall not be bound by or recognise any interest in any share except an absolute right to the entirety thereof in the holder.

## **SHARE CERTIFICATES**

5. Every member upon becoming the holder of any shares shall be entitled without payment to one certificate for all the shares of each class held by him (and upon transferring a part of his holding of shares of any class, to a certificate for the balance of the holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the directors may determine. Every certificate shall be executed by the Company and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.
6. If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses incurred by the Company in investigating evidence as the directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

#### **LIEN**

7. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share. The directors may at any time declare any share to be wholly or in part exempt from the provisions of this regulation. The Company's lien on a share shall extend to all moneys payable in respect of it.
8. The Company may sell in such manner as the directors determine any shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice has been given to the holder of the share or the person entitled to it in consequence of the death or bankruptcy of the holder demanding payment and stating that if the notice is not complied with the shares may be sold.
9. To give effect to a sale the directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in the proceedings in reference to the sale.
10. The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

#### **CALLS ON SHARES AND FORFEITURE**

11. Subject to the terms of allotment, the directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium and together with all expenses that may have been incurred by the Company by reason of such non-payment) and each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of a sum due thereunder, be revoked in whole or in part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof the call was made.

12. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.
13. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
14. If a call remains unpaid after it has become due and payable the person from whom the sum is due shall pay interest on the unpaid sum from the day it became due until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Act) but the directors may waive payment of the interest wholly or in part.
15. A sum payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of the Articles shall apply as if that sum had become due and payable by virtue of a call.
16. Subject to the terms of the allotment the directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.
17. If a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.
18. If the notice is not complied with any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.
19. Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the forfeiture the holder or to any other person and at any time before sale, reallocation or other disposition, the forfeiture may be cancelled on such terms as the directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the directors may authorise some person to execute an instrument of transfer of the share to that person.
20. A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to the Company for all moneys which at the date of forfeiture were presently payable by him to the Company in respect of those shares with interest at the rate at which interest was payable on those monies before the forfeiture or, if no interest was payable, at the appropriate rate (as defined in the Act) from the date of forfeiture until payment but the directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.
21. A statutory declaration by a director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by

any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

### **TRANSFER OF EMPLOYEE MEMBERS**

22. If any person holding shares in the capital of the Company and being an employee or consultant or director of the Company or its subsidiaries ("the Employee Member") ceases to be an employee or consultant or director of the Company or its subsidiaries (and does not forthwith become or continue to be an employee or consultant or director of any of the Company or of the relevant subsidiaries) a Transfer Notice shall be deemed to have been served forthwith upon such cessation in respect of:-
- 22.1 all shares held by the Employee Member; and
- 22.2 all shares held by his Privileged Relations, Family Trust and/or Nominee at the time of such cessation.

### **TRANSFER OF SHARES**

23. The directors shall refuse to register any transfer of shares made in contravention of the provisions of Article 24 but shall not be entitled to refuse to register any transfer of shares made under Article 25. Save as otherwise provided in these Articles, "B" Shares shall not be transferable to any Contracting Authority.
- 24.
- 24.1 Save as otherwise provided in these Articles no member may transfer shares prior to the third anniversary of the date of the adoption of these Articles. Thereafter every member who desires to transfer any Ordinary Shares (hereinafter called "the Vendor") shall give to the Company notice in writing of such desire (hereinafter called a "Transfer Notice"). Subject as hereinafter mentioned a Transfer Notice shall constitute the Company the Vendor's agent for the sale of the shares specified therein (hereinafter called "the Ordinary Sale Shares") to all the holders of the Ordinary Shares in the Company other than the Vendor at the Ordinary Sale Price. The Ordinary Sale Price shall be a price agreed by the Vendor and the directors or if the Vendor and the directors are unable to agree a price within twenty eight days of the Transfer Notice being given or if the Transfer Notice is a deemed Transfer Notice the price which a chartered accountant (acting as an expert and not as an arbitrator) nominated by agreement between the Vendor and the Company or in default of such agreement by the President for the time being of the Institute of Chartered Accountants in England and Wales shall by writing under his hand certify to be in his opinion a fair value thereof on a going concern basis as between a willing seller and a willing buyer ignoring any reduction in value which may be ascribed to the Ordinary Sale Shares by virtue of the fact that they represent a minority interest and in accordance with these Articles. Save for shares sold pursuant to a deemed Transfer Notice the Transfer Notice may contain a provision ("Total Transfer Provision") that unless all the shares comprised therein are sold by the Company pursuant to this Article none shall be sold and any such provision shall be binding on the Company.
- 24.2 If a chartered accountant is asked to certify the fair value as provided for in the immediately preceding Article his certificate shall be delivered to the Company and as soon as the Company receives the certificate it shall furnish a certified copy thereof to the Vendor and save for shares sold pursuant to a Deemed Transfer Notice the Vendor shall be entitled by notice in writing given to the Company within ten days of the service upon him of the certified copy

to cancel the Company's authority to sell the Ordinary Sale Shares. The cost of obtaining the certificate shall be borne by the Company unless the Vendor shall give notice of cancellation as aforesaid in which case the Vendor shall bear the cost.

24.3 Upon the price being fixed as aforesaid and provided the Vendor shall not give valid notice of cancellation the Company shall forthwith offer the Ordinary Sale Shares to all holders of the Ordinary Shares (other than the Vendor) (unless the Ordinary Sale Shares are "B" Shares in which case they shall only be offered to other existing holders of "B" Shares) pro rata as nearly as may be in proportion to the existing numbers of Ordinary Shares (or if appropriate "B" Shares) held by such members giving details of the number and the Ordinary Sale Price of such Ordinary Sale Shares and whether the Ordinary Sale Shares are subject to a Total Transfer Provision and the method of allocation of the Ordinary Sale Shares. The Company shall invite each such member as aforesaid to state in writing within twenty-one days from the date of the notice whether he is willing to purchase any of the Ordinary Sale Shares so offered to him and if so the maximum thereof which he is willing to purchase. If at the expiration of the said period of twenty-one days there are any Ordinary Sale Shares offered which any of the members hereinbefore mentioned have not so stated their willingness to purchase the Company shall offer such shares to such members as have stated in writing their willingness to purchase all the Ordinary Shares previously offered to them. Such remaining Ordinary Shares shall be offered pro rata as nearly as may be in proportion to existing numbers of Ordinary Shares then held by such members which offer shall remain open for a further period of twenty-one days.

24.4 If the Company shall pursuant to the above provisions of the Articles find a member or members of the Company willing to purchase all or (in the event of a Transfer Notice which does not contain a Total Transfer Provision) any of the Ordinary Sale Shares the Vendor shall be bound upon receipt of the Ordinary Sale Price to transfer the Ordinary Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons. If the Vendor shall make default in so doing the Company shall if so required by the person or persons willing to purchase such Ordinary Sale Shares receive and give a good discharge for the purchase money on behalf of the Vendor and shall authorise some person to execute transfers of the Ordinary Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Members as the holder of such of the Ordinary Sale Shares as shall have been transferred to them as aforesaid. The validity of such proceedings shall not be questioned by any such person. It shall be no impediment to registration of shares under this sub-article that no share certificate has been produced.

24.5 If the directors shall not have found a member or members of the Company willing to purchase all of the Ordinary Sale Shares pursuant to the foregoing provisions of this Article the Vendor shall at any time within six months after the final offer by the Company to its members be at liberty to sell and transfer such of the Ordinary Sale Shares as have not been so sold to any person at a price and on terms being no less than the Ordinary Sale Price. If the Ordinary Sale Shares were the subject of a Total Transfer Provision, such a sale may only comprise all the Ordinary Sale Shares and not part only.

25.

25.1 Notwithstanding any other provisions of these Articles but subject to Article 25.4.3 below:

- 25.1.1 a transfer of any shares in the Company held by any member of a group of companies may be made between the member in the group holding such shares and any other member of the same group without restriction as to price or otherwise and any such transfer shall be registered by the directors. If the transferee ceases to be a member of the same group of the transferor, it must transfer such shares to the relevant transferor within 30 days of ceasing to be a member of such group, failing which such company will be deemed to have served a Transfer Notice in respect of the relevant shares;
- 25.1.2 any member may at any time transfer (or by will bequeath or otherwise dispose of on death) all or any shares held by him to a Privileged Relation, trustees to be held upon a Family Trust or Nominee;
- 25.1.3 any member may at any time transfer all or any shares in issue to any person with the written consent of the holders of 75% or more of the Ordinary Shares in issue;
- 25.1.4 any member may at any time transfer all or any shares in issue pursuant to Clause 13 or 15 of the Shareholders Agreement and the restriction on the transfer of "B" Shares to any Contracting Authority referred to in Article 23 shall not apply to the extent that such transfer is completed in accordance with the terms of the said Clauses 13 or 15;
- 25.1.5 a holder of "B" Shares which are held pursuant to the escrow arrangements referred to in the Shareholders Agreement may transfer those "B" Shares in accordance with the terms thereof.

and such transfers will be deemed "Permitted Transfers" for the purposes of these Articles and the person or body corporate to whom a Permitted Transfer is made shall be a "Permitted Transferee".

25.2 For the purposes of these Articles:

- 25.2.1 "Privileged Relation" in relation to a member means the spouse or partner or widow or widower of the member and the member's children and grandchildren (including step and adopted children and their issue) and step and adopted children of the member's children and brother or sister;
- 25.2.2 "Family Trust" in relation to any member means a trust which does not permit any of the settled property or the income therefrom to be applied otherwise than for the benefit of that member and/or a Privileged Relation of that member and 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 of such member or his Privileged Relations;
- 25.2.3 "Settlor" includes a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased member;
- 25.2.4 "Nominee" in relation to a member means a company in which one or more of the members of the Company or persons acting in concert (which expression shall have the meaning ascribed to it in

the December 1996 Fifth Edition of the City Code on Takeovers and Mergers) with any member of the Company has or as a result of such sale or transfer will have Control (as such term is defined by Section 840 of the Income and Corporation Taxes Act 1988).

- 25.3 Where any shares are held by trustees upon a Family Trust:
- 25.3.1 on any change of trustees such shares may be transferred to the new trustees of that Family Trust;
  - 25.3.2 such shares may be transferred at any time to the Settlor or to another Family Trust of the Settlor, to any Privileged Relation of the Settlor or to any Nominee.

25.4

- 25.4.1 If and wherever any shares cease to be held by a Privileged Relation, Nominee, or upon a Family Trust (otherwise than in consequence of a transfer to the Settlor or to another Family Trust of the Settlor, any Privileged Relation of the Settlor or Nominee of the Settlor) a Transfer Notice (as hereinbefore defined) shall be deemed to have been given in respect of relevant shares (as hereinafter defined) by the holders thereof and such shares may not otherwise be transferred;
- 25.4.2 for the purposes of this Article the expression "relevant shares" means and includes the shares originally transferred to the Privileged Relation, the trustees or Nominee, and any additional shares issued or transferred to the Privileged Relation trustees or Nominee by virtue of the holding of the relevant shares or any of them.
- 25.4.3 Prior to completion of any transfer of shares permitted hereunder every transferor shall ensure execution by the transferee of a deed of adherence in respect of any shareholders' agreement to which all other members of the Company are party.

26. The instrument of transfer of a share may be in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect thereof.

27. The directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share which is not fully paid or on which the Company has a lien but, if they do so, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

28. The directors may also decline to recognise an instrument of transfer unless -

28.1 it is lodged duly stamped at the office or at such other place as the directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer;

28.2 it is in respect of only one class of share; and



28.3 it is in favour of not more than four transferee's.

If the directors refuse to register a transfer of a share they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

29. The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the directors may determine.
30. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.
31. The Company shall be entitled to retain any instrument of transfer which is registered but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

#### **LIMITATION ON TRANSFER**

32. Save for a Permitted Transfer:-

32.1 notwithstanding any other provision of these Articles to the contrary, no sale or transfer of the legal or beneficial interest in any shares in the share capital of the Company shall be made or registered if as a result of such sale or transfer and registration thereof Control (as such term is defined by Section 840 of the Income and Corporation Taxes Act 1988) would be obtained in the Company by a company or by any person or persons not in Control of the Company on the date of adoption of these Articles unless before the transfer is lodged for registration the proposed transferee or transferees or his or their nominees has or have offered to purchase all the other Ordinary Shares in the Company at the Specified Price (as hereinafter defined), and such offer shall have remained open for acceptance for a period of at least twenty-one days. The expression "the Specified Price" shall mean the higher of:- (i) a price per share of the amount originally subscribed or deemed to have been subscribed for such share plus (a) a sum equal to any arrears, deficiency and accruals of the dividends payable on such shares calculated down to the date of sale or transfer and (b) all the tax credits that would have related to such dividends if such dividends had been paid; and (ii) a price per share at least equal to that offered or paid or payable by the proposed transferee or transferees or his or their nominees for any other Ordinary Shares in the capital of the Company plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of such shares which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for such shares, provided that if any part of the price per share is payable otherwise than by cash the transferor may at its option elect to take a price per share of such cash sum as may be agreed by it having regard to the substance of the transaction as a whole, and in the event of disagreement the calculation of the Specified Price shall be referred to an umpire, who shall act as an expert and not as an arbiter and shall be nominated by the parties concerned or failing agreement as to such nomination shall be appointed by the President for the time being of the Institute of Chartered Accountants of England and the decision of such umpire shall be final and binding.

32.2 If an offeror for shares in the Company, having made offers in like terms to all the members of the Company receives valid acceptances which would, on completion, result in such offeror becoming the holder of not less than 80% of the Ordinary Share Capital, then:

- 32.2.1 such offeror shall give notice to any non-accepting holder of shares requiring him to accept the offer within 14 days and stating that, failing such acceptance, he shall be deemed to have accepted such offer in respect of all Ordinary Shares held by him and irrevocably to have waived any pre-emption rights he may have in relation to any shares the subject of such offer;
- 32.2.2 upon the expiry of such notice each recipient thereof shall be obliged to deliver to the offeror (or as he may direct) an executed share transfer form and share certificate(s) in respect of the shares which were the subject of the notice together with executed waiver of pre-emption rights, if appropriate;
- 32.2.3 if any such member fails to deliver executed share transfer form(s), share certificate(s) and pre-emption waiver(s) (if appropriate) as set out above he shall be deemed to have appointed any director of the Company to be his agent and attorney to execute such documents on his behalf and, against receipt by the Company (on trust for such member) of the appropriate purchase moneys, to deliver such executed transfer(s) and pre-emption waiver(s) (if appropriate) to the offeror and it shall be no impediment to completion of the transfer that such member's share certificate(s) has/have not been produced; and
- 32.2.4 after such offeror or his nominee has been registered as the holder of shares transferred in accordance with this Article the validity of such transaction shall not be questioned by any person.

In this Article:

- 32.3 the expressions 'transfer' and 'transferee' shall include respectively the renunciation of a renounceable letter of allotment and the renounee under any such letter of allotment;
- 32.4 the expression 'shares' includes bearer shares, depository receipts and any other security or instrument into which shares may be converted with a view to a sale;
- 32.5 whether or not persons are acting in concert will be determined by the then most recent edition of the City Code on Take-overs and Mergers.

All other regulations of the Company relating to the transfer of shares and the right to registration of transfers shall be read subject to the provisions of this Article 32.

### **TRANSMISSION OF SHARES**

33. If a member dies (the "Deceased Member") a Transfer Notice shall be deemed to have been served in respect of the relevant number of shares held by the Deceased Member immediately before his death and any share then held by an Privileged Relation, trustees of a Family Trust or Nominees of such Deceased Member (the "Deceased's Shares").
34. The Deceased's Shares shall be transferred in accordance with Article 24.

### **ALTERATION OF CAPITAL**

35. The Company may by ordinary resolution -

- 35.1 increase the share capital by new shares of such amount as the resolution prescribes;
  - 35.2 consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - 35.3 subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and
  - 35.4 cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.
36. Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the directors may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including subject to the provisions of the Act the Company) and distribute the proceeds of sale in due proportion among those members, and the directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
37. Subject to the provisions of the Act, the Company may by special resolution reduce its share capital, any capital redemption reserve, and any share premium account in any way.

#### **PURCHASE OF OWN SHARES**

38. Subject to the provisions of the Act, the Company may purchase its own shares (including any redeemable shares) and make a payment in respect of the redemption or purchase of its own shares out of (or otherwise than out of) distributable profits of the Company or the proceeds of a fresh issue of shares.

#### **GENERAL MEETINGS**

39. All general meetings other than annual general meetings shall be called extraordinary general meetings.
40. The directors may call general meetings and on the requisition of members pursuant to the provisions of the Act shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition. If there are not within the United Kingdom sufficient directors to call a general meeting any director or any member of the Company may call a general meeting.

#### **NOTICE OF GENERAL MEETINGS**

41. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least twenty-one clear days' notice, and all other extraordinary general meetings shall be called by at least fourteen clear days' notice: but a general meeting may be called by shorter notice if it is so agreed:-
- 41.1 in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and

- 41.2 in the case of a general meeting for the passing of a special resolution by a majority in number of the members having a right to attend and vote at the meeting being a majority holding:-
- 41.2.1 such percentage (being not less than ninety per cent) in nominal value of the shares giving that right as may be specified in or for the time being determined by the Company for the purposes of any elective resolution of the Company for the time being in force passed in accordance with the Act for the purposes of either or both of sections 369(4) and 378(3) of the Act; or
  - 41.2.2 if no election as is referred to in the immediately preceding sub-regulation subsists, not less than ninety-five per cent in nominal value of the shares giving that right; and
- 41.3 in the case of any other meeting by a majority in number of the members having a right to attend and vote at the meeting being a majority holding:-
- 41.3.1 such percentage (being not less than ninety per cent) in nominal value of the shares giving that right as may be specified in or for the time being determined by the Company for the purposes of any elective resolution of the Company for the time being in force passed in accordance with the Act for the purposes of section 369(4) of the Act; or
  - 41.3.2 if no election as is referred to in the immediately preceding sub-regulation subsists, not less than ninety-five per cent in nominal value of the shares giving that right.

The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and in the case of an annual general meeting shall specify the meeting as such.

Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors.

42. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

#### **PROCEEDINGS AT GENERAL MEETINGS**

43. No business shall be transacted at any meeting unless a quorum is present. Subject to the provisions of Article 43 two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation of whom one member shall be a holder of "A" Shares and one member shall be a holder of "B" Shares, shall be a quorum. If the Company only has one member, then such member present in person or by proxy or, if a corporate member, by its duly authorised representative shall be a quorum.
44. If a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such time and place as the directors may determine. If at the adjourned meeting a quorum is not present within fifteen minutes from the time appointed for the meeting, the meeting shall be adjourned indefinitely].

45. The chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and if there is only one director present and willing to act, he shall be chairman.
46. If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.
47. A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.
48. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give notice of an adjournment.
49. A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:-
- 49.1 by the chairman; or
- 49.2 by at least two members having the right to vote at the meeting; or
- 49.3 by a member representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- 49.4 by a member holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right;
- and a demand by a person as proxy for a member shall be the same as a demand by the member.
50. Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
51. The demand for a poll may, before the poll is taken, be withdrawn with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made
52. A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

53. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote in addition to any other vote he may have.
54. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
55. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
56. A resolution in writing signed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of one or more documents in like form each signed by or on behalf of one or more members. In the case of a corporation a resolution in writing may be signed on its behalf by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative. If the resolution in writing is described as a special resolution or as an extraordinary resolution it shall have effect accordingly.

#### **VOTES OF MEMBERS**

57. Subject to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative or proxy, not being himself a member entitled to vote, shall have one vote, and on a poll every member shall have one vote for every share of which he is the holder.
58. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of members.
59. A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver curator bonis or other person authorised in that behalf appointed by that court and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the office or at such other place as is specified in accordance with the Articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.
60. Unless the directors otherwise determine, no member shall vote at any general meeting, either in person or by proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid.
61. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not

disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

62. On a poll votes may be given either personally or by proxy. A member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way.
63. The instrument appointing a proxy shall be in writing in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the appointor. A member may appoint more than one proxy to attend on the same occasion. Deposit of an instrument of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment thereof.
64. The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors may
- 64.1 be deposited at the office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
- 64.2 in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and, not less than 24 hours before the time appointed for the taking of the poll; or
- 64.3 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director.
65. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the office, or at such other place at which the instrument of proxy was duly deposited, before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.
66. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company but so that without prejudice to the generality of the foregoing or of section 375 of the Act any director or the secretary of any member of the Company which is a corporation shall be deemed to be a duly authorised representative of that member. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of the Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

#### **NUMBER OF DIRECTORS**

67. Unless otherwise determined by ordinary resolution the number of directors (other than alternate directors) shall be subject to a maximum of 12 but shall be not less than 6.

#### **ALTERNATE DIRECTORS**

68. Any director (other than an alternate director) may by writing under his hand and deposited at the office or delivered at a meeting of the directors appoint any other director, or any other person approved by resolution of the directors and willing to act to be an alternate director and may in like manner remove from office an alternate director so appointed by him.
69. An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member, to attend and vote at any such meeting at which the director appointing him is not personally present, and, save as otherwise provided in the Articles, generally to perform all the functions of his appointor as a director in his absence but shall not be entitled to receive any remuneration from the Company for his services as an alternate director. But it shall not be necessary to give notice of such a meeting to an alternate director who is absent from the United Kingdom.
70. An alternate director shall cease to be an alternate director if his appointor ceases to be a director; but, if a director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue after his re-appointment.
71. Any appointment or removal of an alternate director shall be by notice signed by the director making or revoking the appointment or in any other manner approved by the directors.
72. Save as otherwise provided in the Articles, an alternate director shall be deemed for all purposes to be a director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

#### **POWERS OF DIRECTORS**

73. Subject to the provisions of the Act the memorandum of association of the Company and the Articles and to any elective resolution for the time being in force made in accordance with section 379A of the Act and to any directions given by special resolution, the business of the Company shall be managed by the directors who may exercise all the powers of the Company. No alteration of the memorandum of association or Articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made and that direction had not been given. The powers given by this regulation shall not be limited by any special power given to the directors by the Articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

#### **DELEGATION OF DIRECTORS' POWERS**

74. The directors may delegate any of their powers:-
- 74.1 to any chief executive officer or any director holding any other executive office; and/or
- 74.2 to any committee consisting of at least one "A" Director and one "B" Director.

The delegation may be made subject to any conditions the directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such 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.



75. The directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

#### **APPOINTMENT AND RETIREMENT OF DIRECTORS**

76.

- 76.1 The holders of the issued Ordinary Shares shall agree an even number of non-executive directors from time to time (subject to a minimum of six and the provisions of this Article 76).
- 76.2 The holders of "A" Shares shall be entitled to appoint a number of non-executive directors equal to one half of the total number of non-executive directors who shall be known as "A" Directors and to remove any such directors and to make all necessary appointments to fill any vacancy arising. The remaining non-executive directors shall be known as "B" Directors.
- 76.3 For so long as the Trust remain as holders of "B" Shares they shall be entitled to appoint one "B" Director and to remove any such director and to make all necessary appointments to fill any vacancy arising. The other "B" Directors shall be appointed by the directors of the Company but in relation to such appointment no "A" Director shall be entitled to vote and the quorum for any meeting to discuss such appointment shall not require the attendance of any "A" Director.
- 76.4 The non-executive directors appointed pursuant to Articles 76.2 and 76.3 shall appoint in addition directors to be chairman of the board of directors and a chief executive officer together with up to two additional executive directors. Any director appointed pursuant to this Article 76.4 shall be neither an "A" or "B" Director for the purposes of the Articles.
- 76.5 Any appointment or removal of a Director shall be made by notice in writing served on the Company and agreed by the persons appointing or removing the Director. In the case of a corporation the notice may be signed on its behalf by a Director or the Secretary of the corporation or by its duly authorised attorney or duly authorised representative.

#### **DISQUALIFICATION AND REMOVAL OF DIRECTORS**

77. The office of a director shall be vacated if:-
- 77.1 he ceases to be a director by virtue of any provision of the Act or the Articles or he becomes prohibited by law from being a director; or
- 77.2 he becomes bankrupt, has a receiving order made against him or makes any arrangement or composition with his creditors generally; or
- 77.3 he is, or may be suffering from mental disorder and either -
- 77.3.1 he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983, or in Scotland in an application for admission under the Mental Health (Scotland) Act 1960; or
- 77.3.2 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

- 77.4 he resigns his office by notice to the Company; or
- 77.5 he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period the directors resolve that his office be vacated; or
- 77.6 a majority of the directors resolve that his office be vacated and that he should immediately resign from office.

#### **REMUNERATION OF DIRECTORS**

- 78. The directors shall be entitled to such remuneration as the Company may by ordinary resolution determine and unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

#### **DIRECTORS' EXPENSES**

- 79. The directors may be paid all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

#### **DIRECTORS' APPOINTMENTS AND INTERESTS**

- 80. Subject to the provisions of the Act, the directors may appoint one or more of their number to the office of managing director or to any other executive office under the Company and may enter into an agreement or arrangement with any director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall terminate if he ceases for any reason whatsoever to be a director but without prejudice to any claim to damages for breach of any contract of service between the director and the Company.
- 81. Subject to the provisions of the Act, a director may notwithstanding his office:-
  - 81.1 be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested; and
  - 81.2 be a director or other officer of, or employed by, or 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 interested.
- 82. Provided that, where it is necessary, he declares the nature of his interest at a meeting of directors as required by the Act, a director shall not by reason of his office be accountable to the Company for any benefit which he derives from any office or employment to which the Articles allow him to be appointed or from any transaction or arrangement or from any interest in any body corporate in which the Articles allow him to be interested and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

83. For the purposes of the immediately preceding regulation -
- 83.1 a general notice given 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; and
- 83.2 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.

#### **DIRECTORS' GRATUITIES AND PENSIONS**

84. The Company may provide benefits, whether by the payment of gratuities or pensions or otherwise, for any director who has held any executive office or employment with the Company or with any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family (including spouse or partner) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such gratuity, pension or other benefit, or for the insurance of any such person.

#### **PROCEEDINGS OF DIRECTORS**

85. Subject to the provisions of the Articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. Notice of any meeting of the directors (or any committee of the directors) may be given by telephone facsimile transmission or by telex. It shall not be necessary to give notice of a meeting to any director (or as the case may be any member of any such committee) who is absent from the United Kingdom unless such director or member has provided the Company with an address telephone number or fax number to which notice is to be given. Any director may waive notice of any meeting other than one to be held by telephone or similar communicating equipment and any such waiver may be retroactive. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall not have a second or casting vote. A director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

The contemporaneous linking together by telephone or similar communicating equipment of the company secretary and directors or members of a committee of the directors being in number not less than the quorum required for the transaction of the business of the directors or such committee, whether in the United Kingdom or elsewhere in the world, shall be deemed to constitute a meeting of the directors (or as the case may be a meeting of such committee), so long as the following conditions are met:-

- 85.1 all the directors or members of the committee of the directors for the time being entitled to receive notice of any meeting of the directors or of such committee (including any alternate director) shall have received notice of any such meeting and be entitled to be linked by telephone for the purpose of such meeting;
- 85.2 subject as provided in Article 85.4 each of the directors or members of such committee taking part and the company secretary must be able to hear each of such other persons taking part throughout the meeting;

- 85.3 at the commencement of the meeting each participant must acknowledge his presence to all the other persons taking part in such meeting;
- 85.4 unless he has previously obtained the consent of the chairman of the meeting a person may not leave the meeting by disconnecting his telephone and shall conclusively be presumed to have been present and to have formed part of the quorum throughout the meeting. The meeting shall be deemed to have been validly conducted notwithstanding that a participant's telephone is accidentally disconnected during the meeting, and the proceedings thereof shall be deemed to be as valid as if the telephone had not been disconnected;
- 85.5 a minute of the proceedings shall be sufficient evidence thereof and of the observance of all necessary formalities if signed by the chairman of such meeting.
86. The quorum for the transaction of the business of the directors shall be one "A" Director and one "B" Director. A director or a member of a committee of the directors shall be treated as present at a meeting of the directors or any such committee notwithstanding that he is not physically present if he is in communication with the meeting by telephone or similar communicating equipment. A director or member of a committee of the directors who is in communication as aforesaid shall be counted as part of the quorum for such meeting. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum. A resolution of the board of directors shall not be validly passed unless it has been agreed by at least one "A" Director.
87. The continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but, if the number of directors is less than the number fixed as the quorum, the continuing directors or director may act only for the purpose of filling vacancies or of calling a general meeting.
88. The directors may appoint one of their number to be the chairman of the board of directors and may at any time remove him from that office. The director so appointed shall preside at every meeting of directors at which he is present but if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.
89. All acts done by a meeting of directors, or of a committee of directors, or by a person acting as a director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.
90. A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held and may consist of several documents in the like form each signed by one or more directors but a resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.
91. Save as otherwise provided by the Articles, a director shall not vote at a meeting of directors or of a committee of directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or

may conflict with the interests of the Company unless his interest or duty arises only because the case falls within one or more of the following paragraphs:-

- 91.1 the resolution relates to the giving to him of a guarantee, security, or indemnity in respect of money lent to, or an obligation incurred by him for the benefit of, the Company or any of its subsidiaries;
- 91.2 the resolution relates to the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of the Company or any of its subsidiaries for which the director has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- 91.3 his interest arises by virtue of his subscribing or agreeing to subscribe for any shares, debentures or other securities of the Company or any of its subsidiaries, or by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any such shares, debentures, or other securities by the Company or any of its subsidiaries for subscription, purchase or exchange;
- 91.4 the resolution relates in any way to a retirement benefits scheme which has been approved, or is conditional upon approval, by the Board of Inland Revenue for taxation purposes;
- 91.5 any arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the director benefits in a similar manner to the employees and that does not accord to any director as such any privilege or advantage not generally accorded to the employees to whom such arrangement relates.

For the purposes of this regulation an interest of a person who is for any purpose of the Act (excluding any statutory modification thereof not in force when this regulation becomes binding on the Company) 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.

92. A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.
93. The Company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of the Articles prohibiting a director from voting at a meeting of directors or of a committee of directors.
94. Where proposals are under consideration concerning the appointment of two or more directors to offices or employments with the Company or any body corporate in which the Company is interested the proposals may be divided and considered in relation to each director separately and (provided he is not for another reason precluded from voting) each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.
95. If a question arises at a meeting of directors or of a committee of directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any director other than himself shall be final and conclusive.

### **AUDIT COMMITTEE**

96. The board of directors shall establish a committee known as the Audit Committee which shall be independent of the board of directors and have sufficient authority and resources to form an opinion and report on the internal control systems and financial reporting arrangements of the Company and satisfy itself that the Company has adequate arrangements in place for ensuring economy, efficiency and effectiveness. The terms of reference of the Audit Committee shall comply with the standards set out in the Turnbull Report on Internal Controls published by the Institute of Chartered Accountants in England and Wales and be consistent with the model terms of reference for audit committees issued by the Higher Education Funding Council for England from time to time.

### **COMMITTEE FOR ACADEMIC QUALITY**

97. The board of directors shall establish a committee known as the Committee for Academic Quality consisting of not more than 15 members which shall be independent of the board of directors and whose role is to safeguard the academic quality of the education programmes and services provided by the Company and to ensure that the academic performance and support provided by the Company is maintained at a high pre-agreed standard; that the management of the Company are regularly informed about the status of quality on the way the Company is performing and that the members of the Company are assured by way of reports on no less than an annual basis that their brand and intellectual property rights are being appropriately utilised. The specific functions of the Committee for Academic Quality and its constitution and terms of reference shall be as set out in a Quality Standards Agreement to be entered into between e Learning Holding Company Limited and the Company.

### **STRATEGIC ADVISORY COUNCIL**

98. The board of directors shall establish a committee known as the Strategic Advisory Council which shall be independent of the board of directors and whose role shall be to provide the management of the Company with strategic input and direction in relation to the development of the business of the Company and to ensure that it is well informed about future trends, opportunities and related developments of the business in the Company. Membership of the Strategy Advisory Council shall be drawn from key organisations that are actively involved in areas important to the business of the Company and not represented by its members or directors. There shall be no maximum or minimum number of members of the Strategic Advisory Council save that the total number of individuals attending any meeting (including directors of the Company) shall not exceed 9. The Strategic Advisory Council shall meet every 4 months at a venue provided by the Company. A member of the Strategic Advisory Council shall be entitled to appoint an alternate in the event that they are unable to attend a meeting provided that such alternate shall be approved by the other members of the Strategic Advisory Council.

### **DEADLOCK RESOLUTION**

- 99.
- 99.1 If at two successive meetings the directors cannot agree on any resolution because one A and one B director cannot be found to vote in its favour, but a majority of the directors wish to approve the resolution proposed, or if the Shareholders cannot agree on any resolution, then subject as herein mentioned a "Deadlock Event" is deemed to have occurred.
- 99.2 Within 10 days of the event which has resulted in a Deadlock Event being deemed to occur under Article 99.1 (which, for the avoidance of doubt, in the

case of a vote against a resolution proposed at the meeting of the directors, shall be the vote against the same resolution at the adjourned or subsequent meeting of the directors), any Shareholder (including, for the avoidance of doubt, the Shareholder which refused its consent and/or whose appointed Director(s) voted against the resolution(s)) shall be entitled to serve a Disputes Notice.

- 99.3 Upon the service of a Disputes Notice the Shareholders shall use their best endeavours to resolve the Deadlock Event, and shall make appropriately senior and authorised staff available for face to face meetings for that purpose.
- 99.4 If the Deadlock Event cannot be resolved within 20 business days of the Disputes Notice being given, any Shareholder (including for the avoidance of doubt the Shareholder which refused its consent and/or whose appointed Director(s) voted against the resolution(s)) is entitled to invoke the mediation provisions of this Article 99 by notice in writing to the other Shareholders and the Company ( "Mediation Notice").
- 99.5 If a Mediation Notice has not been served within 30 business days of the Disputes Notice being given or if no Disputes Notice is given in accordance with Article 99.2 the Deadlock Event is deemed to have lapsed.
- 99.6 If a Mediation Notice is served, the Shareholders will attempt to resolve the Deadlock Event by mediation in accordance with the Centre for Dispute Resolution ("CEDR") Model Mediation Procedure. The Shareholders will act promptly in connection with such mediation. If there is any point on the conduct of the mediation (including as to the identity of the mediator) on which the Shareholders cannot agree within business 7 days from the date of the Mediation Notice being served, CEDR will, at the request of any Shareholder, decide that point, having consulted with the Shareholders.
- 99.7 If the Deadlock Event is not resolved within two months of the service of a Mediation Notice, any Shareholder may serve a notice in writing (an "Exit Notice") on the other Shareholders. Upon service of an Exit Notice by one or more Shareholders the other Shareholders shall at their option either buy the shares held by the Shareholder(s) which served the Exit Notice (if they are willing to do so) at a price fixed in accordance with Article 99.10, or in any other case the Company shall be placed into members' voluntary winding up (or creditors' voluntary winding up as the case may be), and all of the Shareholders shall exercise all of the rights available to them to secure that such a winding up is commenced and pursued timeously.
- 99.8 If more than one Shareholder is willing to buy the shares the subject of the Exit Notice, those Shareholders shall be entitled to purchase the shares in question in equal proportions, unless the Shareholder which served the Exit Notice is the holder of "B" Shares, in which case the holders of "A" Shares shall only be entitled to buy the shares if and to the extent that no other holder of "B" Shares is willing to purchase those shares.
- 99.9 Where the holders of "A" Shares become entitled to buy "B" Shares under this Article, then the prohibition on the transfer of B shares to a Contracting Authority referred to in Article 23 shall not apply in respect of that purchase only.
- 99.10 If one or more Shareholder ("the Purchaser") becomes liable to purchase the shares of another Shareholder ("the Vendor") pursuant to an Exit Notice, the Purchaser shall buy, and the Vendor shall sell, all of the Vendor's shares in

the Company at the fair value of those shares as agreed between the Purchaser and the Vendor or, in default of agreement within a reasonable time, at such sum as shall be certified by an expert agreed by the parties or in default of agreement appointed by the president for the time being of the Law Society as being the fair value of the shares in question at the date of service of the notice (or the earliest notice in a case where more than one notice has been served). In so certifying the expert is to be irrevocably instructed to value the shares to be bought and sold as the same proportion of the market value of the Company as a whole on that date as the relevant shareholding bears to the whole issued Ordinary Share Capital, but may take account of any other factors which in his professional judgement he considers relevant. The expert is to act as such and not as an arbitrator and his decision shall be final and binding on the Vendor and the Purchaser (save in the case of manifest error). The expert's fees and expenses incurred under this Article shall be borne by the Vendor and Purchaser in equal shares.

- 99.11 Completion of the sale and purchase of shares pursuant to this Article 99 shall take place at the office no later than the third business day after the price payable has been agreed or determined in accordance with the applicable Article, as the case may be. At completion of the sale and purchase of the shares the Purchaser shall pay the purchase price of the shares to the Vendor in full in cleared funds or an equivalent acceptable to the Vendor and the Vendor shall deliver to the Purchaser duly executed share transfers for the shares being sold in favour of the Purchaser together with the relevant share certificates. Any shares transferred under this Article shall be free from all liens, charges and encumbrances, shall be transferred with full title guarantee and shall carry all rights, benefits and advantages attached to them except the right to any dividend declared but not paid prior to the date of the registration of such transfer; and on the transfer of any shares the holders of them shall procure the resignations of their nominees (if any) from any offices in the Company held before the transfer and the transferee of the shares may fill such vacancies as if the transfer had been registered.
- 99.12 This Article shall not alter or override any other provision in the Articles, however the Shareholders shall exercise all voting and other rights available to them so as to ensure the implementation of the provisions of this Article 99.
- 99.13 The Shareholders agree to do or procure to be done all such acts and things as may be required to give effect to the transfer and the registration of the Shares to be transferred into the name(s) of the transferees.
- 99.14 In no circumstances shall any Shareholder create an 'artificial deadlock' and then exercise its rights under Article 99. For this purpose, an 'artificial deadlock' is a deadlock caused by a Shareholder, or its appointees on the Board, voting against a proposal the approval of which is required to enable the Company to carry on its business properly and efficiently in accordance with generally accepted good business practice.

#### **DIRECTORS' BORROWING POWERS**

100. Subject as hereinafter provided the directors may exercise all the powers of the Company (whether express or implied):-
- 100.1 of borrowing or securing the payment of money;
- 100.2 of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts; and



- 100.3 of mortgaging or charging the property assets and uncalled capital of the Company and (subject to section 80 of the Act) of issuing debentures

### **SECRETARY**

101. Subject to the provisions of the Act, the secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

### **MINUTES**

102. The directors shall cause minutes to be made in books kept for the purpose:-
- 102.1 of all appointments of officers made by the directors;
- 102.2 of all proceedings at meetings of the Company, of the holders of any class of shares in the Company, and of the directors, and of committees of directors including the names of the directors present at each such meeting.

### **THE SEAL**

103. No instrument shall be executed by the Company otherwise than by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and except as otherwise so determined it shall be signed by a director and by the secretary or by a second director. Any instrument signed by a director and by the secretary or by a second director and expressed (in whatever form of words) to be executed by the Company shall have the same effect as if executed under the seal.

### **DIVIDENDS**

104. Subject to the provisions of the Act the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.
105. Subject to the provisions of the Act, the directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. The directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.
106. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

107. The directors may deduct from any dividend or other moneys payable to any member in respect of a share any moneys presently payable by him to the Company in respect of that share.
108. A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.
109. Any dividend or other moneys payable in respect of a share may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the Company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.
110. No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.
111. Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the Company.

### **ACCOUNTS**

112. No member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the directors or by ordinary resolution of the Company.

### **CAPITALISATION OF PROFITS**

113. The directors may with the authority of an ordinary resolution of the Company:-
- 113.1 subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve;
- 113.2 appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other: but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this regulation, only be applied in paying up unissued shares to be issued to members credited as fully paid;

- 113.3 resolve that any shares so allotted to any member in respect of a holding by him of any partly paid shares shall rank for dividend only to the extent that the latter shares rank for dividend;
- 113.4 make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this regulation in fractions; and
- 113.5 authorise any person to enter on behalf of all
- 113.6 the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

### NOTICES

114. Any notice to be given to or by any person pursuant to the Articles shall be in writing except that a notice calling a meeting of the directors need not be in writing. The Company may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders. A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the Company.
115. A member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
116. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been given to the person from whom he derives his title.
117. Proof that the envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted.
118. A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, in any manner authorised by the Articles for the giving of notice to a member, addressed to them or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description at the address, if any, within the United Kingdom supplied by them for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy has not occurred.

### WINDING UP

119. If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with

the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

#### **INDEMNITY**

120. Subject to the provisions of the Act but without prejudice to any indemnity to which the director or other officer or auditor 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 and/or discharge of his duties and/or exercise of his powers and/or otherwise in relation to or in connection with his duties powers or office including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, whether civil or criminal which relates to anything done or omitted by him as an officer or employee of the Company and, in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application 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.

**NAMES, ADDRESSES AND DESCRIPTION OF SUBSCRIBERS**

DATED this            day of            2001

**WITNESS TO THE ABOVE SIGNATURES**

.....

Name:

Address:

Occupation: