

Company Number - 4601274

The Companies Acts 1985 and 1989

Company Limited by Shares

Written Resolution

of

eXPD8 Limited

The following Special Resolution was effectively passed on **19** March 2004
as written Resolutions signed by all the members of the above named Company:

Special Resolution

1. (a) That the form of Articles of Association annexed and initialled by the Secretary for the purpose of identification be and is hereby adopted as the Articles of Association of the Company in substitution for and to the exclusion of the previous Articles of Association.
- (b) That the authorised share capital of the Company be and is hereby increased to £1000 by the creation of 650 A ordinary shares of £1 each and 250 B ordinary shares of £1 each;
- (c) That one of the previously existing ordinary shares of £1 each be re-designated as a B ordinary share and that the remaining previously existing ordinary shares of £1 each be re-designated as A ordinary shares.

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Certified to be a true copy
of the Resolution passed



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THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
of
EXPD8 LIMITED

Adopted by special resolution passed on 19 March 2004

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THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
of
EXPD8 LIMITED

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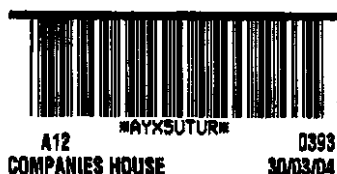
1. Preliminary

The Company is a private company and, subject as hereinafter provided and except where the same are varied or excluded by or inconsistent with these Articles, the Regulations contained or incorporated by reference in Table A in the Companies (Tables A to F) Regulations 1985 (such Table being hereinafter called "Table A") shall apply to the Company and shall be deemed to form part of these Articles. References herein contained to "Regulations" are to Regulations in Table A.

2. Interpretation

2.1 In these Articles unless the context otherwise requires the following expressions have the following meanings:

"A member"	a member holding A shares;
"A shares"	A ordinary shares of £1 each in the capital of the Company each having the rights as set out in these Articles;
"Accounts"	the Company's audited accounts prepared by the Auditors and approved and signed by the directors for each accounting period of the Company;
"the Act"	the Companies Act 1985 (as amended);
"acting in concert"	has the meaning ascribed to it by the City Code on Takeover and Mergers as in force and construed at the date of these Articles;
"Articles"	these articles of association and any variation or varied or new articles adopted from time to time of the Company (and any reference to an Article shall be a reference to that article of the said articles of association);
"Associate"	has the meaning given by section 435 of the Insolvency Act 1986;



"the Auditors"

the auditors from time to time of the Company;

"B member"

a member holding B shares;

"B shares"

B ordinary shares of £1 each in the capital of the Company each having the rights as set out in these Articles;

"Bad Leaver"

(i) an A member who ceases to be a director or employee of the Company and such cessation is a result of the resignation of the relevant A member as a director or employee of the Company otherwise than:

- (a) at the written request of the board of directors; or
- (b) where such resignation is due to the mental or serious physical incapacity or incapacitating serious ill health of the A member, in each case such as to render him medically unfit to continue to occupy his office or position; or
- (c) where such resignation is in circumstances which would amount to constructive dismissal; or
- (d) where such resignation is in accordance with the member's contract of employment with the Company, there is no breach of the terms of these Articles by the member and the resignation is after the third anniversary of the date of adoption of these Articles;

(ii) an A member who ceases to be a director or employee of the Company and such cessation occurs as a result of the termination by the Company of his appointment where the relevant A member shall have:

- (a) been in breach of these Articles; or
- (b) become bankrupt; or
- (c) have been imprisoned for any criminal offence; or
- (d) become subject to any order or agreement made pursuant to the Company Directors' Disqualification Act 1986 (as amended); or
- (e) been in, what in the reasonable discretion of the board of directors amounts to, a material breach of his contract of employment or fiduciary duties as a director;

unless in each case the other members and the Company agree in writing that such cessation or act shall not be deemed to lead to that A member being a Bad Leaver;

"Change of Control"

the acquisition (whether by purchase, transfer, renunciation or otherwise) by any person, excluding a party to this Agreement on the date of its execution (a **"Third Party Purchaser"**) of any interest in shares if, upon completion of that acquisition the Third Party Purchaser, together with his Associates and persons acting in concert with him, would hold more than 50 per cent of the issued shares;

"Deemed Transfer Notice"

a Transfer Notice deemed to be given under any provision of these Articles;

"Encumbrance"

means and includes any interest or equity of any person (including, without prejudice to the generality of the foregoing, any right to acquire, option or right of pre-emption) or any mortgage, pledge, lien or assignment or any other encumbrance, priority or security interest or arrangement of whatsoever nature over or in the relevant property;

"Good Leaver"

any person who ceases to be a director or employee of the Company other than a

	Bad Leaver;
"member"	a holder of shares from time to time;
"Nominated Director"	the director of the Company appointed and holding office from time to time pursuant to Article 15 and, unless otherwise stated, includes his duly appointed alternate;
"permitted transfer"	any transfer of shares permitted under Article 8;
"Relevant Profit"	the aggregate amount of the consolidated operating profit on ordinary activities of the Company after interest and before tax as shown in the Accounts and which shall be treated as nil until the first Accounts have been prepared and filed;
"share"	a share in the capital of the Company of whatever class having the rights set out in these Articles;
"Transfer Notice"	has the meaning attributable thereto in Article 9.1 and includes, where the context admits, a Deemed Transfer Notice;
"Transferor"	an A member who agrees to or wishes to transfer any shares or is obliged to transfer any shares pursuant to these Articles;
"Valuers"	the Auditors unless a report on Market Value (as defined in these Articles) is to be made and, within 21 days after the date of a Transfer Notice, the Transferor notifies the directors in writing that he objects to the Auditors making that report, or the Auditors decline an instruction to report on the Market Value, when the Valuers shall for the purpose of that report be a firm of chartered accountants agreed between the Transferor and the directors or, in default of agreement within 20 Business Days after the date of a Transfer Notice, appointed by the President of the Institute of Chartered Accountants in England and Wales on the application of the Transferor or the directors.

2.2 Unless the context otherwise requires:

2.2.1 words or expressions the definitions of which are contained or referred to in the Act shall be construed as having the meaning thereby attributed to them but excluding any statutory modification thereof not in force on the date of adoption of these Articles;

2.2.2 words importing the singular include the plural, words importing any gender include every gender, and words importing persons include bodies corporate and unincorporated; and (in each case) vice versa; and

2.2.3 references to Articles are references to these Articles.

3. **Share capital**

3.1 The share capital of the Company at the date of adoption of these Articles is £1,000 divided into 749 A ordinary shares of £1 each and 251 B ordinary shares of £1 each.

3.2 The A shares and the B shares shall be different classes of shares but save as otherwise provided in these Articles shall rank *pari passu* as ordinary shares in all respects.

3.3 The rights and restrictions attaching to the different classes of shares in the capital of the Company are as follows:

3.3.1 Income

The profits which the Company may determine to distribute in respect of any financial period shall be distributed amongst the holders of the A shares and the B shares in the proportions determined by Article 3.3.4.

3.3.2 Capital

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of shares) the assets of the Company available for distribution among the members shall be applied as follows:

3.3.2.1 firstly in paying the amount of any arrears of dividend owing to the holders of A shares and B shares, to be calculated up to and including the date of commencement of the winding up (in the case of a winding up) or of the return of capital (in any other case);

3.3.2.2 secondly in paying to the holders of A shares and B shares *pari passu* as if they constituted one class of shares in the capital of the Company the amount paid up or credited as paid up on each such share;

3.3.2.3 thirdly in paying to the holders of the A shares and B shares the balance of any amount available for distribution in the proportions determined by Article 3.4.

3.3.3 Conversion

3.3.3.1 The holder of B shares shall be entitled at any time to convert any of the B shares held by him into the same number of A shares ("**the Conversion Rights**").

3.3.3.2 The Conversion Rights shall be exercisable by notice in writing to the Company signed by the holder of the B shares and delivered, together with the relevant share certificate(s), at the registered office of the Company and shall take effect immediately upon delivery and as soon as is practicable thereafter the Company shall issue to such holder a certificate for the A shares resulting from the exercise of the Conversion Rights and, if appropriate, a certificate for any B shares retained by such holder.

3.3.3.3 The A shares resulting from the exercise of the Conversion Rights shall as from the date of conversion rank *pari passu* in all respects with the existing A shares in the capital of the Company.

3.3.4 Voting

3.3.4.1 The voting rights of the holders of the A shares and the B shares shall be in the proportions determined by Article 3.4 provided that the A shares shall not confer any right to vote upon a resolution for the removal of the Nominated Director;

3.3.4.2 A resolution put to the vote of a meeting shall be decided on a show of hands, but if the result is not unanimous, then a poll shall be deemed to have been duly demanded and Regulation 46 shall be varied accordingly. On any such poll, an A member or a B member shall have such number of votes as the proportion of the number of A shares or B shares held by him out of the total number of issued A shares or B shares (as the case may be) bears to the proportional class rights set out in Article 3.4 and Regulation 54 shall be modified accordingly.

3.4 Ratcheted Proportional Rights

While there is more than one class of share, according to where the Relevant Profit in the Accounts falls within the range shown in the left hand column of the table below the proportional rights of the respective classes of shares (as blocks) shall be as follows:

Relevant Profit	A shares	B shares
less than £500,000	60	40
£500,000 - £999,999	63	37
£1,000,000 - £1,499,999	66	34

£1,500,000 - £1,999,999	69	31
£2,000,000 - £2,499,999	72	28
more than £2,500,000	74.9	25.1

4. Issue of new shares

- 4.1 Subject to any directions which may be given by the Company in general meeting, the directors may unconditionally exercise the power of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) and without prejudice to the generality of the foregoing the balance of the authorised but unissued share capital shall be under the control of the directors, who may allot, grant options over or otherwise dispose of the same to such persons (including the directors themselves) on such terms and at such times as they may think proper, provided that no shares shall be issued at a discount. The authority conferred on the directors by this Article shall expire on the day preceding the fifth anniversary of the date of adoption of these Articles.
- 4.2 The provisions of Section 89(1) and 90(1) to (6) inclusive of the Act shall not apply to any allotment or grant of equity securities (as defined in Section 94(2) of the Act) up to the amount of the increased authorised but unissued share capital created on the date of the adoption of these Articles.
- 4.3 Without prejudice to any provision of these Articles on any proposed issue of new shares the B member(s) shall simultaneously be offered the opportunity to subscribe for such number of new shares at par as will maintain their current or any increased holding of shares in the Company.

5. Lien

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

6. Calls

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

7. Transfer of shares - General

- 7.1 Each of the A members covenants with each of the other members and the Company that he will not or will not purport to transfer any share or any interest in any share unless the transfer is:
- 7.1.1 permitted by Article 8 (Permitted Transfers); or
 - 7.1.2 made in accordance with Article 9 (Voluntary Transfers) or Article 11 (Compulsory Transfers); and
 - 7.1.3 is not prohibited under Article 12 (Prohibited Transfers).
- 7.2 An obligation to transfer a share under these Articles shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such share free from any Encumbrance.
- 7.3 No arrangement shall be entered into by any member whereby the terms upon which that member holds any shares are to be varied if as a result any interest in those shares is varied, disposed of or created or extinguished, except by a transfer made in accordance with these Articles.
- 7.4 If a member at any time commits a breach of Article 7.1 in relation to any share he shall be deemed immediately prior to such breach to have given a Transfer Notice in respect of such share.
- 7.5 Where a Transfer Notice in respect of any share is deemed to have been given under any provision of these Articles and the circumstances are such that the directors (as a whole) are unaware of the facts giving rise to the same such Transfer Notice shall be deemed to have been received by the directors on the date on which both the Nominated Director and a majority of the directors (excluding the Transferor) actually became aware of such facts and the provisions of Article 11 shall then apply accordingly.
- 7.6 The first sentence of Regulation 24 shall not apply. The directors shall not refuse to register any transfer of a share which is permitted under these Articles but may, in their absolute discretion and without assigning any reason therefor, decline to register any transfer of any share which would otherwise be permitted hereunder if it is a transfer:
- 7.6.1 of a share on which the Company has a lien; or
 - 7.6.2 other than pursuant to Article 8, of a share to a person of whom they shall not approve.
- 7.7 If a member becomes aware of any event which is deemed to give rise to an obligation on a party to serve a Transfer Notice under any provision of these Articles he shall forthwith give written notice thereof to the directors.
- 7.8 Any member considering transferring any share or any interest in any share shall, before commencing any discussions with, or responding to an enquiry or offer from, a third party, consult openly and in good faith with all other members about such a transfer.

- 7.9 Members must observe (or obtain waivers if necessary) any duties of confidentiality relating to information about the Company or its business, whether arising under a contract of employment, shareholder agreement or other contract, or under statute or common law and whether by virtue of being a director of the Company or otherwise howsoever arising.

8. **Permitted Transfers**

8.1 Transfers with consent

A member may transfer shares to any person at any time with the prior written consent of all other members, provided it is a transfer of the entire legal and beneficial interest in such share, free from any Encumbrance (save for any interest of beneficiaries under the relevant family trust, where applicable).

8.2 Transfers without consent

Any member being a member of the group of companies of which Parragon Publishing Limited is the holding company may transfer any shares to any other member of that group and the Company shall be obliged to register such transfer immediately on production of the stock transfer form (duly stamped, if stampable).

9. **Voluntary Transfers**

- 9.1 Subject to Articles 7.1 and 8, a Transferor shall, before transferring or agreeing to transfer any share or any interest in any share, serve notice in writing (a "**Transfer Notice**") on the Company of his wish to make that transfer unless the transfer is made pursuant to Article 8 (Permitted Transfers).

- 9.2 In the Transfer Notice, the Transferor shall specify:

- 9.2.1 the number of shares which he wishes to transfer ("**Sale shares**");
- 9.2.2 the identity of the person (if any) to whom the Transferor wishes to transfer the Sale shares;
- 9.2.3 the price per share at which the Transferor wishes to transfer the Sale shares (the "**Proposed Sale Price**");
- 9.2.4 the other terms relating to the transfer of the Sale shares; and
- 9.2.5 whether the Transfer Notice is conditional upon all (and not part only) of the Sale shares being sold pursuant to the following provisions of this Article 9 (a "**Total Transfer Condition**").

- 9.3 Each Transfer Notice shall:

- 9.3.1 constitute the directors (excluding where relevant the Transferor) as the agent of the Transferor for the sale of the Sale shares on the terms of this Article 9;
- 9.3.2 be irrevocable; and

- 9.3.3 be deemed to contain a Total Transfer Condition unless expressly stated otherwise.
- 9.4 The Sale shares shall be offered for purchase by the directors at the "Sale Price" which shall be:
- 9.4.1 the Proposed Sale Price or such other price as agreed between the Transferor and each of the other directors; or
- 9.4.2 in default of agreement under Article 9.4.1 within twenty eight days after the date of service of the Transfer Notice the price per share reported on by the Valuers at any director's request as their written opinion of the open market value of each Sale share in accordance with Article 9.13 (the "Market Value") as at the date of service of the Transfer Notice.
- 9.5 The directors shall offer the Sale shares for purchase at the Sale Price by a written offer notice ("Offer Notice"). An Offer Notice shall:
- 9.5.1 specify the Sale Price;
- 9.5.2 expire twenty one days after its service;
- 9.5.3 contain the other details required to be included in the Transfer Notice; and
- 9.5.4 invite the recipient to apply in writing, before expiry of the Offer Notice, to purchase the numbers of Sale shares specified by them in their application.
- 9.6 An offer Notice shall be served first within seven days of the Transfer Notice on any other holder(s) of the same class of shares. If any Sale shares remain unallocated (under this Article) pursuant to such Offer Notice, the unallocated Sale shares shall be the subject of a second Offer Notice to be served within seven days of the expiry of the first Offer Notice on the holders of all (if any) other classes of shares in the Company.
- 9.7 After the expiry date of an Offer Notice (or, if earlier, upon valid applications being received from the recipient) the directors shall allocate the Sale shares in accordance with the applications received, subject to the other provisions of these Articles, save that:
- 9.7.1 if there are applications from members for more than the number of Sale shares available, they shall be allocated to those applicants in proportion (as nearly as possible but without allocating to any member more Sale shares than the maximum number applied for by him) to the number of shares then held by them respectively;
- 9.7.2 if it is not possible to allocate any of the Sale shares without involving fractions, those fractions shall be aggregated and allocated amongst the applicants in such manner as the directors thinks fit; and

- 9.7.3 if the Transfer Notice contained a Total Transfer Condition, no allocation of Sale shares shall be made unless all the Sale shares can be allocated pursuant to all valid applications received.
- 9.8 The directors shall, within seven days of the expiry of the final Offer Notice, give notice in writing (a "Sale Notice") to the Transferor and to each person to whom Sale shares have been allocated (each a "Purchaser") specifying the name and address of each Purchaser, the number of Sale shares allocated to him, the price payable for them, and the time for completion of each sale and purchase.
- 9.9 Completion of a sale and purchase of Sale shares pursuant to a Sale Notice shall take place at the registered office of the Company at the time specified in the Sale Notice (being not less than one week nor more than one month after the expiry of the Offer Notice, unless agreed otherwise in relation to any sale and purchase by the Transferor and the Purchaser(s) concerned) when the Transferor shall, upon payment to him of the Sale Price in respect of the Sale shares allocated to the Purchaser, transfer those Sale shares and deliver a duly executed stock transfer form in favour of the Purchaser and the relative share certificates to that Purchaser. Article 9.12 shall for the avoidance of doubt apply in the event a Transferor fails to transfer shares when required.
- 9.10 Subject to Article 9.11 the Transferor may, during the three month period falling after the expiry of the Offer Notice, sell any Sale shares for which a Sale Notice has not been given by way of bona fide sale to any other member or the proposed transferee (if any) named in the Transfer Notice at any price per Sale share which is not less than the Sale Price, without any deduction, rebate or allowance to the proposed transferee provided that if the Transfer Notice contained a Total Transfer Condition, the Transferor shall not be entitled to sell only some of the Sale shares, save with the prior written consent of all the other members.
- 9.11 Prior to making a sale of any Sale shares to a proposed transferee named in the Transfer Notice pursuant to Article 9.10, the Transferor shall give not less than five Business Days' notice in writing of the proposed transfer (including the Sale Price per Sale share) to the Company ("Final Transfer Notice"). Within two Business Days of receipt of the Final Transfer Notice the directors shall furnish a copy of the Final Transfer Notice to all members and if within seven days of service of the Final Transfer Notice on the Company, any member gives written notice ("Final Offer Notice") of his intention to the Company to acquire any of the Sale shares (subject to any Total Transfer Condition being satisfied) on the terms of the Final Transfer Notice and deposits with the Company the price specified in the Final Transfer Notice for the Sale shares he has stated he wishes to acquire, the Transferor shall not proceed with the transfer to a third party of Sale shares the subject of a Final Offer Notice, and shall, subject as follows, be bound to sell those Sale shares to any member serving a Final Offer Notice and making a deposit of the relevant aggregate price for the Sale shares with the Company.
- 9.11.1 Articles 9.7.1 and 9.7.2 shall apply if the Company shall have received Final Offer Notices in respect of more Sale shares than are the subject of a Final Transfer Notice.

- 9.11.2 On expiry of the period of seven days following service of the Final Transfer Notice, the Company, if it has received Final Offer Notices, shall notify the Transferor and each person to whom Sale shares have been allocated (each a "Purchaser") in writing of the name and address of each Purchaser, the number of Sale shares allocated to him, the price payable for them and the time of completion of each sale and purchase.
- 9.11.3 Completion of each sale and purchase of Sale shares pursuant to this Article 9.11 shall take place within two weeks of the service of the relevant Final Offer Notice at which time the Company shall pay the sale price deposited with it in respect of the relevant Sale shares to the Transferor and the Transferor shall deliver a duly executed stock transfer form in favour of the Purchaser and the relative share certificate to the Company.
- 9.11.4 Article 9.12 shall for the avoidance of doubt apply in the event a Transferor fails to transfer shares when required under Article 9.11.
- 9.12 If a Transferor fails to transfer any Sale shares when required pursuant to these Articles, the directors may authorise any person (who shall be deemed to be the attorney of the Transferor for the purpose) to execute the necessary transfer of such Sale shares and deliver it on the Transferor's behalf. The Company may receive the purchase money for the Sale shares from the Purchaser and shall, upon receipt of the transfer duly stamped, register the Purchaser as the holder of those Sale shares. The Company shall hold the purchase money in a separate bank account on trust for the Transferor but shall not be bound to earn or pay interest on any money so held. The Company's receipt for the purchase money shall be a good discharge to the Purchaser (who shall not be concerned to see to the application of it) and, after the name of the Purchaser has been entered in the register of members in purported exercise of the power conferred by this Article, the validity of that exercise shall not be questioned by any person. If the Purchaser shall fail to deliver the purchase monies to the Transferor on the completion date the purchase monies shall bear interest at the Default Interest Rate calculated on a daily basis and compounded monthly.
- 9.13 If instructed to report on their opinion of Market Value, whether under Article 9.4.2, Article 11.4.2 or otherwise, the Valuers shall act as an expert and not as an arbitrator and their written determination shall be final and binding on the members, save in the case of manifest error, and proceed on the basis that:
- 9.13.1 the open market value of each Sale share shall be the sum which a willing purchaser would agree with a willing vendor to be the purchase price for all the shares, divided by the number of issued shares then comprised in that class;
- 9.13.2 there shall be no addition of any premium or subtraction of any discount by reference to the size of the holding the subject of the Transfer Notice or in relation to any restrictions on the transferability of the Sale shares; and
- 9.13.3 any difficulty in applying either of the foregoing bases shall be resolved by the Valuers as they think fit in their absolute discretion.

9.14 The Company will use its best endeavours to procure that the Valuers deliver their written opinion of the Market Value to the directors and the Transferor within twenty Business Days of the directors electing to instruct them under Article 9.4.2.

9.15 The Valuers' fees for reporting on their opinion of the Market Value shall be borne as to one half by the Transferor and as to the other half by the Purchasers *pro rata* to the number of Sale shares purchased by them unless none of the Sale shares are purchased by the other members pursuant to Article 9, when the Transferor shall pay all the Valuers' fees.

10. Drag Along Rights

10.1 If one or more of the members (together the "Selling shareholders") wish to transfer any interest in shares where that transfer would result in a Change of Control, the Selling shareholders shall have the option (the "Drag Along Option") to require all the other holders of shares to transfer all their shares to the Third Party Purchaser (or as the Third Party Purchaser shall direct) in accordance with this Article.

10.2 The Selling shareholders may exercise the Drag Along Option by giving notice to that effect (a "Drag Along Notice") to all other holders of shares (the "Dragged shareholders"). A Drag Along Notice shall specify that the Dragged shareholders are required to transfer all their shares (the "Dragged shares") pursuant to Article 10.1 of these Articles, the specified price at which the Dragged shares are to be transferred (calculated in accordance with Article 10.3) and give reasonable detail of the terms of the offer received by the Selling shareholders, and the proposed date of transfer.

10.3 For the purposes of Article 10.2:

10.3.1 the expression "specified price" means the higher of:

10.3.1.1 a price per share equal to the highest price offered by the Third Party Purchaser to the member or members who have agreed to sell shares to him or who have executed a transfer in his favour;

10.3.1.2 a price per share equal to the highest price paid or payable by the Third Party Purchaser and his Associates or persons acting in concert with him or for any shares within the last six months plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the specified shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as part of the overall consideration paid or payable for the specified shares; and

10.3.1.3 a price per share equal to the amount paid up or credited as paid up on the share concerned.

10.3.2 if any part of the specified price is payable otherwise than in cash any member may require, as a condition of his acceptance of the offer made under this Article, to receive in cash on transfer all or any of the price offered for the shares sold by him pursuant to the offer.

- 10.3.3 if the specified price or its cash equivalent cannot be agreed within 21 days of the proposed sale, transfer or other disposition referred to in Article 10.1, it may be referred to the Valuers by any member and, pending its determination, the sale, transfer or other disposition shall have no effect.
- 10.4 Completion of the sale of the Dragged shares under this Article 10 shall take place on the same date as the date proposed for completion of the sale of the Selling shareholders' shares unless:
- 10.4.1 all of the Dragged shareholders and the Selling shareholders agree otherwise; or
- 10.4.2 that date is less than seven days after the Drag Along Notice, where it shall be deferred until the seventh day after the Drag Along Notice.
- 10.5 The Dragged shareholders may prior to the seventh day after the Drag Along Notice jointly serve a counter notice on the Selling shareholders ("**the Counter Notice**") requiring the Selling shareholders to transfer all their shares to the Dragged shareholders (and if more than one then to them in proportion to the number of shares then held by them respectively) at the specified price at which the Dragged shareholders would be required to sell their shares under the relevant Drag Along Notice but for the service of the Counter Notice ("**the Counter Price**").
- 10.6 A member (whether a Dragged shareholder or a Selling shareholder) who sells shares under this Article 10 pursuant to a Drag Along Notice or Counter Notice shall not be required to give any warranties (other than his title to sell his shares free from Encumbrances) or indemnities to the purchaser of such shares.
- 10.7 Completion of the sale of the Selling shareholders' shares pursuant to a Counter Notice shall take place at any time prior to the 28th day following service of the relevant Counter Notice and if such sale shall not have by then taken place with payment, in cleared funds, in full of the Counter Price for those shares to the Selling shareholders, the relevant Counter Notice and all obligations thereunder will lapse and the relevant Drag Along Notice shall continue to have effect according to this Article 10 and shall bind the Dragged shareholders.
- 10.8 If completion of the sale of the Selling shareholders' shares under Article 10.7 shall have taken place prior to the 28th day following service of the relevant Counter Notice with payment, in cleared funds, in full of the Counter Price for the Selling shareholders' shares to the Selling shareholders, then the relevant Drag Along Notice and all obligations thereunder will lapse.

11. **Compulsory Transfers**

- 11.1 In this Article 11, a "**Transfer Event**" means, in relation to any A member:
- 11.1.1 an A member who is an individual and:
- 11.1.1.1 becomes bankrupt; or
- 11.1.1.2 dies; or

- 11.1.1.3 suffers from mental disorder and being admitted to hospital or becomes a patient for any purpose of any enactment relating to mental health; or
 - 11.1.1.4 resigns as a Director of the Company; or
 - 11.1.1.5 resigns as an employee of the Company.
 - 11.1.2 an A member making any arrangement or composition with his creditors generally;
 - 11.1.3 an A member which is a body corporate and:
 - 11.1.3.1 has a receiver, manager or administrative receiver appointed over all or any part of its undertaking or assets; or
 - 11.1.3.2 has an administrator appointed in relation to it; or
 - 11.1.3.3 enters into liquidation (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction); or
 - 11.1.3.4 has any equivalent action taken in any jurisdiction;
 - 11.1.4 an A member who has not given a Transfer Notice in respect of any shares or transfer of any shares (as the case may be) as required by these Articles and the directors resolve within one month after becoming aware of it that such event is a Transfer Event in relation to that member for the purposes of Article 11.
- 11.2 Notwithstanding Article 7.1, upon the happening of any Transfer Event, the A member in question and any other member who has acquired shares from him under a permitted transfer under Article 8 (directly or by means of a series of two or more permitted transfers) shall be deemed to have immediately given a Transfer Notice in respect of all the shares then held by them (a "Deemed Transfer Notice"). A Deemed Transfer Notice shall supersede and cancel any then current Transfer Notice insofar as it relates to the same shares except for shares which have then been validly transferred pursuant to that Transfer Notice.
- 11.3 Notwithstanding any other provision of these Articles, any A member holding shares in respect of which a Deemed Transfer Notice is deemed given shall not be entitled to exercise any voting rights at general meetings of the Company in respect of those shares between the date of the relevant Deemed Transfer Notice and the expiry of one month after the date of the Sale Notice given in respect of those shares or, if earlier, the entry in the register of members of the Company of another person as the holder of those shares.
- 11.4 The shares the subject of any Deemed Transfer Notice shall be offered for sale in accordance with Article 9 as if they were Sale shares in respect of which a Transfer Notice had been given save that:

- 11.4.1 a Deemed Transfer Notice shall be deemed to have been given on the date of the Transfer Event or, if later, the date of the first meeting of the directors at which details of the facts or circumstances giving rise to the Deemed Transfer Notice are tabled;
- 11.4.2 subject always to Article 11.5, the Sale Price shall be a price per Sale share agreed between the Transferor and the directors or, in default of agreement within 21 days after the date of the Transfer Event, the Market Value determined in accordance with Article 9.13;
- 11.4.3 a Deemed Transfer Notice shall be deemed to contain a Total Transfer Condition and shall be irrevocable;
- 11.4.4 the Sale shares shall be sold together with all rights, attaching thereto as at the date of the Transfer Event, including the right to any dividend declared or payable on those shares after that date; and
- 11.4.5 Article 11.6 shall apply.
- 11.5 The Sale Price for any Sale shares which are the subject of a Deemed Transfer Notice shall:
 - 11.5.1 in the case of a Good Leaver be a price per Sale share agreed between the Transferor and the directors or, if higher their Market Value; and
 - 11.5.2 in the case of a Bad Leaver, be the price per Sale share at which the Sale shares were originally subscribed for or, if less their Market Value.
- 11.6 A dispute as to whether Article 11.5.1 or Article 11.5.2 applies to any Sale shares shall not affect the validity of a Deemed Transfer Notice but any person who acquires Sale shares pursuant to a Deemed Transfer Notice while such a dispute is continuing ("Purchaser") shall pay to the Transferor the sum of £1 for every £1 paid up on the Sale shares ("the Minimum Price") and shall pay any difference between the Minimum Price and their Market Value to the Company. The Company shall hold that difference in a separate bank account as trustee to pay it, and any interest earned thereon, upon final determination of the dispute:
 - 11.6.1 to the Purchaser in the case of a Bad Leaver; and
 - 11.6.2 to the Transferor in the case of a Good Leaver.
- 11.7 On a transfer of any shares in accordance with Article 11:
 - 11.7.1 the Transferor shall repay all loans, loan capital, borrowings and indebtedness in the nature of borrowings outstanding to the Company from the Transferor (together with any accrued interest thereon); and
 - 11.7.2 the Company (if and to the extent that by so doing it shall not contravene section 151 of the Act) or the Purchaser shall repay all loans, loan capital, borrowings and interest in the nature of borrowings outstanding to the Transferor from the Company (together with any accrued interest thereon).

- 11.8 Any Transfer of shares pursuant to Article 11 shall be made free from any Encumbrances whatsoever and with all rights attached to the shares.

12. Prohibited Transfers

Notwithstanding any other provision of these Articles, no transfer of any share shall be registered if it is to any infant, bankrupt, trustee in bankruptcy or person of unsound mind.

13. Proceedings at general meetings

- 13.1 No business shall be transacted at any general meeting unless the requisite quorum is present at the commencement of the business and also when such business is voted upon. Two members holding shares conferring the right to attend and vote at the meeting present in person or by proxy shall be a quorum for all purposes of which one shall be or represent the holder of B shares.

- 13.2 A corporation being a member shall be deemed to be personally present if represented in accordance with the provisions of section 375 of the Act. A member shall be entitled to appoint a proxy to count in quorum and vote on his behalf at general meetings of the Company.

- 13.3 Regulation 41 shall be modified by the insertion at the end of that regulation of the following sentence: "If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting then the members present in person or by proxy shall be a quorum for the purposes of the meeting and if a quorum is still not present the meeting shall be dissolved".

- 13.4 The chairman of a general meeting shall not be entitled to a second or casting vote.

14. Appointment and retirement of directors

The directors shall not be subject to retirement by rotation and accordingly Regulations 73 to 75 shall not apply and all other references in the Regulations to retirement by rotation shall be disregarded.

15. Nominated director

- 15.1 The holder or holders of a majority in nominal value of the B shares shall have the right to appoint any director for the time being of Parragon Book Service Limited as a director of the Company.

- 15.2 Any such appointment shall be effected by notice in writing to the Company by the B member and the B member may in the same manner remove from office any director appointed by it pursuant to this Article and appoint any person in place of any director so removed.

- 15.3 A notice of appointment or removal of a director pursuant to this Article shall take effect upon lodgment at the Company's registered office or on delivery to a meeting of the directors or to the secretary.

15.4 Every director appointed pursuant to this Article shall hold office until he is either removed in the manner provided by this Article or dies or vacates office voluntarily and neither the Company in general meeting nor the directors shall have the power to remove the Nominated Director or to fill any such vacancy.

15.5 Any director appointed pursuant to this Article shall be at liberty from time to time to make such disclosure to his appointor as to the business and affairs of the Company and any subsidiaries of it as he shall in his absolute discretion determine.

16. Proceedings of directors

16.1 There shall be a maximum of four directors, subject to determination otherwise by the directors.

16.2 The directors may appoint a Chairman of the board or directors and may at any time remove him from that office. The Chairman shall not be required to be a director but if he is a director he shall not have a second or casting vote at any meeting of the directors.

16.3 Any Chairman of the board of directors from time to time shall also act as Chairman of any general meeting of the members but, the Chairman of any meeting of the directors or any general meeting of the members or of any committee of the directors shall not be entitled to a second or casting vote. Regulation 88 shall be modified accordingly.

16.4 No business shall be transacted at a meeting of the directors unless a quorum is present. The quorum shall be two directors of whom one shall be the Nominated Director. If at any duly convened meeting of the directors the meeting is not so quorate, the meeting shall be adjourned to the same day in the next week at the same time and place (or to such other day and at such other time and place as the Nominated Director may agree).

16.5 At any meeting of the directors each director present (whether in person or by proxy) shall have one vote each.

17. Alternate directors

17.1 Each director (other than an alternate director) shall have the power at any time to appoint as an alternate director either another director or any other person approved for that purpose by a resolution of the directors and, at any time, to terminate such appointment. Any such appointment or termination of appointment shall be in writing signed by the appointor and shall only take effect upon lodgment thereof at the registered office of the Company or on delivery to a meeting of the directors or upon delivery to the secretary.

17.2 An alternate director as appointed shall not be entitled as such to receive any remuneration from the Company except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but shall otherwise be subject to the provisions of these Articles with respect to directors. An alternate director shall during his

appointment be an officer of the Company and shall not be deemed to be an agent of his appointor.

17.3 An alternate director shall (subject to his giving to the Company address at which notices may be served upon him) be entitled to receive notices of all meetings of the directors and of any committee of the directors of which his appointor is a member and to attend and vote as a director at any such meeting at which his appointor is not personally present and generally in the absence of his appointor to perform and exercise all functions, rights, powers and duties as a director of his appointor and to receive notice of all General Meetings.

17.4 The appointment of an alternate director shall automatically determine on the happening of any event which if he were a director would cause him to vacate such office or if his appointor shall cease for any reason to be a director otherwise than by retiring and being re-appointed at the same meeting.

17.5 A director or any other person may act as alternate director to represent more than one director and an alternate director shall be entitled at meetings of the directors or any committee of the directors to one vote for every director who he represents in addition to his own vote (if any) as a director, but he shall count as only one for the purpose of determining whether a quorum is present.

17.6 Regulations 65 to 69 inclusive shall not apply to the Company.

18. Directors meetings

18.1 A person in communication by electronic means with the chairman and with all other parties to a meeting of the directors or of a committee of the directors shall be regarded for all purposes as personally attending such a meeting provided that but only for as long as at such a meeting he has the ability to communicate interactively and simultaneously with all other parties attending the meeting including all persons attending by electronic means.

18.2 A meeting at which one or more of the directors attends by electronic means is deemed to be held at such place as the directors shall at the said meeting resolve. In the absence of a resolution as aforesaid, the meeting shall be deemed to be held at the place, if any, where a majority of the directors attending the meeting are physically present, or in default of such a majority, the place at which the chairman of the meeting is physically present.

18.3 In this Article "electronic" means actuated by electric, magnetic, electro-magnetic, electro-chemical or electro-mechanical energy and "by electronic means" means by any manner only capable of being so actuated.

19. Disqualification of directors

19.1 The office of a director shall be vacated if:

19.1.1 he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or

- 19.1.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - 19.1.3 he becomes incapable by reason of mental disorder, illness or injury of managing and administering his property and affairs; or
 - 19.1.4 he resigns his office by notice to the Company; or
 - 19.1.5 he shall commit any criminal offence (other than under the Road Traffic Acts not punishable by a term of imprisonment); or
 - 19.1.6 if he is a full time employee of the Company and a Transfer Event (as defined in Article 11.1) occurs in relation to him.
- 19.2 Regulation 81 shall not apply to the Company.
20. Notices
- 20.1 Without prejudice to regulations 112 to 116 inclusive in Table A the Company may give notice to a member by electronic means provided that:
- 20.1.1 the member has given his consent in writing to receiving notice communicated by electronic means and in such consent has set out an address to which the notice shall be sent by electronic means; and
 - 20.1.2 the electronic means used by the Company enables the member concerned to read the text of the notice.
- 20.2 A notice given to a member personally or in a form permitted by Article 20.1 above shall be deemed to be given on the earlier of the day on which it is delivered personally and the day on which it was despatched by electronic means, as the case may be.
- 20.3 Regulation 115 in Table A shall not apply to a notice delivered personally or in a form permitted by Article 20.1 above.
- 20.4 In this Article "electronic" means actuated by electric, magnetic, electro-magnetic, electro-chemical or electro-mechanical and "by electronic means" means by any manner only capable of being so actuated.