



Planet Payment, Inc

Quarterly Report & Consolidated Condensed Financial Statements Three and Six Months ended June 30, 2010

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Planet Payment, Inc

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QUARTERLY REPORT FOR SECOND QUARTER OF 2010

Incorporating

Consolidated Condensed Financial Statements (unaudited)

As of and for the Three and Six Months ended June 30, 2010 and 2009 and as of
December 31, 2009

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PLANET PAYMENT, INC.

QUARTERLY REPORT FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010

Issuer:

Planet Payment, Inc.

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Shares Outstanding:

- (i) As of June 30, 2010
- (ii) Authorized Shares
 - a. Common Stock: 70,000,000 shares
 - b. Preferred Stock: 4,000,000 shares
- (iii) Number of Shares Outstanding
 - a. Common Stock: 39,487,252
 - b. Preferred Stock: 2,243,750 (convertible into 6,851,144 shares of Common Stock)
- (iv) Public Float: 33,148,469 Common Shares
- (v) Beneficial Shareholders of Record: 283

PLANET PAYMENT, INC.

**CONSOLIDATED CONDENSED BALANCE SHEETS
AS OF JUNE 30, 2010 AND DECEMBER 31, 2009**

	June 30 2010	December 31 2009
	(unaudited)	(audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,243,206	\$ 3,752,423
Other current assets	<u>7,459,988</u>	<u>5,932,366</u>
Total current assets	8,703,194	9,684,789
PROPERTY AND EQUIPMENT, net	1,164,850	992,633
Intangible assets, net	5,248,509	4,873,263
Other assets	<u>260,166</u>	<u>297,528</u>
TOTAL	<u>\$ 15,376,719</u>	<u>\$ 15,848,213</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities	8,296,307	7,361,465
Long-term and convertible debt-less current maturities	9,102,315	9,036,402
Total liabilities	<u>17,398,622</u>	<u>16,397,867</u>
Stockholders' (deficit):	<u>(2,021,903)</u>	<u>(549,654)</u>
TOTAL	<u>\$ 15,376,719</u>	<u>\$ 15,848,213</u>

See notes to consolidated condensed financial statements.

PLANET PAYMENT, INC.

**CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2010 AND 2009**

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE:				
Multicurrency processing revenue	\$ 11,576,179	\$ 7,795,061	\$ 21,604,519	\$ 14,065,043
Processing & other revenue	<u>2,907,011</u>	<u>3,146,469</u>	<u>6,081,762</u>	<u>7,195,086</u>
Total Revenue	14,483,190	10,941,530	27,686,281	21,260,129
COST OF SALES:				
Multicurrency processing cost of sales	7,578,213	4,744,131	14,137,693	8,700,399
Processing & other cost of sales	<u>2,259,520</u>	<u>2,329,983</u>	<u>4,849,162</u>	<u>5,068,012</u>
Total cost of sales	9,837,733	7,074,114	18,986,855	13,768,411
Gross Profit	4,645,457	3,867,416	8,699,426	7,491,718
Total operating expenses	<u>5,077,217</u>	<u>4,525,266</u>	<u>10,370,348</u>	<u>9,214,801</u>
Loss From Operations	(431,760)	(657,850)	(1,670,922)	(1,723,083)
Total other expense	<u>(290,084)</u>	<u>(291,853)</u>	<u>(581,144)</u>	<u>(577,911)</u>
Loss before Provision for Income Taxes	(721,844)	(949,703)	(2,252,066)	(2,300,994)
Provision for income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Loss	<u>\$ (721,844)</u>	<u>\$ (949,703)</u>	<u>\$ (2,252,066)</u>	<u>\$ (2,300,994)</u>

See notes to consolidated condensed financial statements.

PLANET PAYMENT, INC.

**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2010 AND 2009**

	Six Months Ended June 30	
	2010	2009
	(unaudited)	(unaudited)
Cash flows from operating activities:		
Net loss	(2,252,066)	(2,300,994)
Other cash flows from operating activities	582,791	1,218,771
Net cash used in operating activities	(1,669,275)	(1,082,223)
Cash flows from investing activities:		
Capital expenditures	(1,326,686)	(1,082,343)
Net cash used in investing activities	(1,326,686)	(1,082,343)
Cash flows from financing activities:		
Proceeds from issuance of common stock	400,776	3,000,359
Proceeds from convertible debt and Loans Payable	-	389,547
Proceeds from Long term debt	85,968	-
Payment of capital-raising expense	-	(175,896)
Net cash provided by financing activities	486,744	3,214,010
Increase / (decrease) in cash and cash equivalents	(2,509,217)	1,049,444
Cash and cash equivalents—beginning of period	3,752,423	246,848
Cash and cash equivalents—end of period	<u>\$ 1,243,206</u>	<u>\$ 1,296,292</u>

See notes to consolidated condensed financial statements.

PLANET PAYMENT, INC.

**CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY/DEFICIT
FOR THE SIX MONTHS ENDED JUNE 30, 2010 (UNAUDITED)**

	<u>Preferred Stock</u> <u>\$0.01 Par Value—</u> <u>4,000,000 Shares Authorized</u> <u>Series A</u>		<u>Common Stock</u> <u>\$0.01 par Value—</u> <u>70,000,000 Shares</u> <u>Authorized</u>		<u>Additional</u> <u>Paid-In</u> <u>Capital</u>	<u>Warrants</u>	<u>Cumulative</u> <u>Translation</u> <u>Adjustment</u>	<u>Accumulated</u> <u>Deficit</u>	<u>Total</u> <u>Stockholders'</u> <u>Equity (Deficit)</u>
	<u>Shares</u>		<u>Shares</u>						
	<u>Issued</u>	<u>Par Value</u>	<u>Issued</u>	<u>Par Value</u>					
BALANCE—DECEMBER 31, 2009	<u>2,243,750</u>	<u>\$ 22,438</u>	<u>39,170,213</u>	<u>\$ 391,701</u>	<u>\$ 73,969,455</u>	<u>\$ 1,517,983</u>	<u>\$ 0</u>	<u>\$ (76,451,230)</u>	<u>(549,654)</u>
Stock issued			303,371	3,034	397,742				400,776
Warrants exercised									0
Options exercised			13,668	137	(137)				0
Value of warrants issued						66,294			66,294
Stock option expense					353,129				353,129
Cumulative Translation Adjustment							(40,382)		(40,382)
Net loss								(2,252,066)	(2,252,066)
BALANCE—June 30 2010	<u>2,243,750</u>	<u>\$ 22,438</u>	<u>39,487,252</u>	<u>\$ 394,872</u>	<u>\$ 74,720,188</u>	<u>\$ 1,584,277</u>	<u>\$ (40,382)</u>	<u>\$ (78,703,296)</u>	<u>\$ (2,021,903)</u>

See notes to consolidated condensed financial statements.

Notes to Consolidated Condensed Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Description — Planet Payment, Inc. (the “Company”) was incorporated in the State of Delaware in October 1999 as Planet Group, Inc. and changed its name to Planet Payment, Inc. on June 18, 2007. The Company enables processors, acquiring banks and their merchants to accept, process and reconcile credit card transactions in multiple currencies, allowing cardholders to view prices and settle transactions in their native currency. The *Pay in Your Currency*[™] service is the Company’s suite of multi-currency processing solutions, which includes a multi-currency pricing e-commerce service and a Dynamic Currency Conversion service. The Company’s *BuyVoice*[™], a mobile payment and commerce solution, allows merchants to accept payments and sell product to customers using any mobile or landline phone. With the acquisition of the *iPAY*[™] business, the Company also offers comprehensive Internet processing solutions for credit card and electronic check payments. On March 20, 2006, the Company’s common shares were admitted to trading on the London Stock Exchange’s Alternative Investment Market (AIM) market. On November 19, 2008, the Company’s common shares were also admitted to trading on the OTCQX market tier operated by Pink OTC Markets Inc in the United States.

The Company is a registered third-party processor for acquiring banks under Visa, MasterCard, Discover, American Express and JCB card association rules. Visa and MasterCard operating regulations require the Company to be sponsored by an acquirer in order to process card transactions; the Company has third party processor agreements with American Express and JCB. The Company is currently registered with Visa and MasterCard for each bank with which it has a processing agreement. Accordingly, although not a member of either card association (all members are banks), the Company is required to comply with all applicable card association rules.

Interim Period Format and Scope of Condensed Statements — In the opinion of management, the unaudited consolidated condensed financial statements include all adjustments, which consist of normal recurring accruals, necessary to present fairly the financial position as of June 30, 2010 and December 31, 2009, the results of operations for the three and six months ended June 30, 2010 and 2009, the cash flows for the six months ended June 30, 2010 and 2009 and the changes in shareholders’ equity/deficit for the six months ended June 30, 2010. In accordance with accounting principles generally accepted in the United States of America for interim financial information, these statements do not include certain information and footnote disclosures required for complete annual financial statements. The results of operations for the three and six months ended June 30, 2010 and 2009 and the cash flows for the six months ended June 30, 2010 and 2009 are not necessarily indicative of the results to be expected for the full year and should be read in conjunction with the most recent annual audited consolidated financial statements of the Company as of and for the year ended December 31, 2009. Financial information for the period ended December 31, 2009 has been derived from the audited consolidated financial statements.

Principles of Consolidation — The consolidated condensed financial statements include the accounts of the Company, one wholly owned U.S. subsidiary and seven wholly owned foreign subsidiaries located in Bermuda, Canada, Hong Kong, Ireland, Isle of Man, The People’s Republic of China and Singapore. All inter-company accounts and transactions are eliminated on consolidation.

Foreign Currency Translation — Statement of operations accounts are translated at the average exchange rates during the period. Assets and liabilities are translated at the balance sheet date exchange rates. The related adjustments for all accounts are included in net income. These amounts are immaterial for all periods presented and have not been reported separately.

Cash and Cash Equivalents — Cash and cash equivalents consist of cash and highly liquid debt instruments purchased with an original maturity of three months or less.

Accounts Receivable — The Company evaluates the collectability of its accounts receivable based on a combination of factors. In cases where the Company is aware of circumstances that may impair a specific customer's ability to meet its financial obligations, an allowance is recorded against amounts due thereby reducing the net recognized receivable to the amount that the Company reasonably believes will be collected. For all other customers, the Company recognizes an allowance for doubtful accounts based on the length of time the receivables are past due, the current business environment and historical experience. As of June 30, 2010 and December 31, 2009, the Company has included an allowance for doubtful accounts of approximately \$1.4 million and \$1.9 million due to certain receivables being subject to litigation. The Company settled one of the proceedings disclosed in prior financial statements. As a result of this settlement the Company received proceeds of approximately \$500,000 against open accounts receivable reserves. The accounts receivable balance is included within the other current assets line in the Consolidated Condensed Balance Sheets.

Inventory — The Company purchased certain software licenses for resale. The licenses are for a point-of-sale credit card application that has been customized to the Company's specifications, in order to support the Company's multi-currency applications. Inventory is valued at the lower of cost or market price. Cost is arrived at using the first-in, first-out method. Market price is estimated based on anticipated sales of licenses. The inventory balance is included within the other current assets line in the Consolidated Condensed Balance Sheets.

Property and Equipment — Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Equipment	5 years
Hardware	5 years
Software	5 years
Furniture and fixtures	5–7 years

Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful life of the assets or the term of the underlying lease arrangements.

Expenditures for maintenance and repairs, which do not improve or extend the useful life of the respective asset, are charged to expense as incurred.

Intangible Assets — Intangible assets are recorded at cost less accumulated depreciation. Intangible assets are being amortized on a straight-line basis over their estimated lives, as follows:

License agreements	7 years
Patents	15 years
Trademarks	15 years
Customer contracts	5 years
Capitalized Projects	5 years

The Company performs an annual impairment test comparing the estimated fair value of the intangibles to its carrying value. No impairment was recorded for the year ended December 31, 2009 and the six month period ending June 30, 2010.

The Company follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 350, *Intangibles, Goodwill and Other* (“ASC 350”). The Company develops software that is used in providing processing services to customers. Software development costs are capitalized once technological feasibility of the software has been established. Costs incurred prior to establishing technological feasibility are expensed as incurred. Technological feasibility is established when the Company has completed all planning, designing, coding and testing activities that are necessary to determine that a product can be produced to meet its design specifications, including functions, features and technical performance requirements. Capitalization of costs ceases when the product is available for general use. Software development costs are amortized using the straight-line method over the estimated useful life of the software, which is generally five years. During the six months ended June 30, 2010 and 2009, the amount capitalized was \$748,866 and \$506,257, respectively.

Security Deposits — Security deposits are primarily held by landlords to cover rental obligations and are included in other assets in the consolidated condensed financial statements.

Restricted Cash — Restricted cash is primarily held by processing partners where the Company holds a share of underwriting risk and for other potential liabilities under processing agreements and is included in other assets in the consolidated condensed financial statements.

Due to Merchants — Due to merchants represents funds collected on behalf of merchants using the iPAY gateway ACH product, which are held on average for three days before payment to the merchant, as part of our risk management procedures and the amount held is included in settlement assets and are included in current liabilities in the consolidated condensed financial statements.

Use of Estimates — The preparation of financial statements are in conformity with accounting principles generally accepted in the United States of America (GAAP) and requires management to make certain estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include valuation of stock options and warrants, provision for doubtful accounts, asset capitalization and impairment testing. Actual results could differ from those estimates.

Revenue Recognition — Processing revenue is based on the mark up and fees charged to customers for services provided in facilitating the sale of goods and services by means of credit and debit cards and does not include the gross sales price paid by the ultimate buyer. Revenues are recorded on a gross basis and offset by the associated costs of sales and are recognized at the time of settlement of the transactions.

Revenue from multi-currency processing is based on the margin earned on the conversion of credit card transactions from one currency into another currency. Multi-currency conversion revenue is recognized when the settlement proceeds of relevant credit card transactions are paid by the Card Associations to the relevant acquiring bank, with which the Company undertakes the multi-currency processing service.

Certain members of the Company’s point-of-sale software development team provide external development and consulting services to third parties under the name Planet Technology Services (PTS). The revenue associated with PTS is principally time and materials consulting revenue that is recognized when earned and invoiced.

Income Taxes — The Company accounts for income taxes in accordance with FASB ASC 740, *Income Taxes*, which requires the recognition of deferred income taxes for differences between the bases of assets and liabilities for financial statement and income tax purposes. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the

assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Fair Value of Financial Instruments — FASB ASC 825, *Financial Instruments*, requires certain disclosures regarding the fair value of financial instruments. Cash and cash equivalents, receivables, debt, accounts payable, due to merchants, accrued expenses and amounts due to affiliates are reflected in the consolidated condensed financial statements at cost which approximates fair value because of the short-term nature of these instruments. The carrying value of the short term portion of the long term and convertible debt approximates fair value primarily due to the short term nature of the debt and because the interest rates applicable to the debt are consistent with current market rates.

Stock Incentive Plan — FASB ASC 718, *Compensation – Stock Compensation* (“ASC 718”) requires compensation cost related to share-based payments to employees to be recognized in the consolidated condensed financial statements based on their fair value. This method requires that the provisions of ASC 718 be applied to new awards and awards modified, repurchased or cancelled after the effective date. See Note 6 for disclosure on the Company’s stock incentive plan.

Warrants — The Company has issued detachable warrants to purchase common shares as part of certain debt instruments. These warrants have been accounted for as equity in accordance with the provisions of ASC 470-20, *Debt with Conversion and Other Options*. The fair value of the warrants is determined using the Black-Scholes Merton methodology. The fair value of the warrants is expensed to interest over the expected life of the loans. See Note 7 for disclosure on the Company’s warrants.

2. GOING CONCERN

The Company has incurred net operating losses of (\$2.3 million) and (\$2.3 million) for the six month periods ending June 30, 2010 and 2009, respectively and (\$1.7 million) and (\$1.1 million), respectively of negative cash flows from operations during the six month periods ending June 30, 2010 and 2009. During the six month period ended June 30, 2010, additional retail and hotel merchant locations were launched in the United States, Greater China, Malaysia, and India, which have resulted in an increase in the Company’s gross profit. During the six months ended June 30, 2010 revenue and gross profit grew 30% and 16%, respectively, as compared to the six month period ended June 30, 2009. Operating expenses increased \$1.1m or 12% in order to support new bank implementations in Asia Pacific, Middle East and South Africa launched in first half of 2010, which are expected to generate revenue during the second half of 2010. Also, as more fully described in Note 3, the Company has a Note Payable in the amount of \$4,000,000 that becomes due on November 30, 2010. The Company believes the new bank implementations noted above will have a positive impact on the Company’s revenue and cash flows. The Company believes that the operating plans and implementations will be sufficient to support the Company’s current liquidity requirements, but there are no assurances that these plans and proposals will come to fruition and the ultimate ability of the Company to continue as a going concern is dependent on the Company achieving positive cash-flow from operations or raising incremental capital.

3. CURRENT AND LONG TERM DEBT

Long term debt at June 30, 2010 and December 31, 2009 consisted of the following:

	June 30, 2010	December 31, 2009
8% Note payable to Inter-Atlantic Fund, L.P. due November 2010. Interest is payable annually in cash or common stock at the Company's election. The Company issued one warrant exercisable for 3,053,435 shares of common stock as additional consideration for entering into the note. As long as the note remains outstanding and Inter-Atlantic chooses to exercise the warrant, in part or in full, the principal amount of note must be offset against the purchase price of the common stock under the warrant. The note and warrant are only assignable together.	\$ 4,000,000	\$ 4,000,000
Capital leases to various lessors secured by financed equipment and software with interest rates ranging from 9.29% to 19.43%, Principal and interest payable monthly through January 2014.	185,260	99,293
Non-interest bearing amount from First Horizon Merchant Services, Inc. ("FHMS") and First Tennessee Bank National Association ("FTB") payable on demand. The advance is secured by the underlying cash flow associated with the contract in respect of which the advance was made.	660,000	660,000
Non-interest bearing amount from FHMS and FTB payable on demand. The advance is secured by the underlying cash flow associated with the contract in respect of which the advance was made.	<u>40,000</u>	<u>40,000</u>
	4,885,260	4,799,293
Less current portion	<u>4,762,871</u>	<u>4,742,817</u>
Long term portion	<u>\$ 122,389</u>	<u>\$ 56,476</u>

In June 2006 the Company received a request for repayment of the \$700,000 of long term debt which is payable on demand. The Company does not believe it is liable to repay such amount and no action has been taken by the creditor to collect it.

Total interest expense related to debt for the six months ended June 30, 2010 and 2009 was \$181,472 and \$169,127, respectively and for the three months ended June 30, 2010 and 2009 was \$91,019 and \$85,169 respectively.

4. CONVERTIBLE DEBT

In February 2007, the Company issued a \$5 million five-year term Note convertible into 2,272,727 common shares as part of a \$7.6 million private placing which included the issuance of 1,141,491 new common shares at a price of \$2.28 per share (equivalent to £1.16 per share). The Note carries an interest rate of 8% per annum and is convertible at any time at the option of the Noteholders, or automatically upon the achievement by the Company of certain milestones, namely a qualified U.S. initial public offering (IPO) or the achievement of certain liquidity and market value in the trading of the Company's common shares. Interest is payable semi-annually commencing June 30, 2007, but at the Company's sole option, interest payments through December 31, 2008, totaling \$811,057 were capitalized and added to the principal amount. Also, at the Company's election, subject to specified conditions, at any time after January 1, 2009, interest may be payable in the form of common shares at the fair market value. As a result of the \$100,000 convertible note referred to below, the interest rate increased to 9% per annum.

In April 2008, concurrent with the iPay acquisition, the Company issued a \$3 million convertible promissory note, with a four year term, convertible into 1,333,333 common shares at a conversion price of \$2.25 per share. The note carries an interest rate of 8% per annum and is convertible at any time at the option of the Noteholders, or automatically upon the achievement of certain milestones, namely a qualified U.S. IPO or the achievement of certain liquidity and market value in the trading of the Company's common shares. Interest is payable semi-annually commencing June 30, 2008, but at the Company's sole option, interest payments through December 31, 2008, totaling \$168,870 were capitalized and added to the principal amount. Also, at the Company's election, subject to specified conditions, at any time after January 1, 2009, interest may be payable in the form of common shares at the fair market value. As a result of the \$100,000 convertible note referred to below, the interest rate increased to 9% per annum.

In December 2008, the Company issued a \$100,000 convertible promissory note, with a five year term, convertible into 100,000 common shares at a conversion price of \$1.00 per share, to an existing shareholder. The Noteholder also received 25,000 warrants at an exercise price of \$1.00. In January and February 2009, the Company issued \$350,000 in convertible promissory Notes, with a 5 year term, convertible into 350,000 common shares at a conversion price of \$1.00 per share, to existing shareholders. The Noteholders also received 87,500 warrants at an exercise price of \$1.00. The Company could prepay the unpaid balance of the Notes at any time on or after July 31, 2009 (First Measurement Date) without prior consent of the Noteholders and without penalty. As a result of the March 2009 private placing, the conversion price of the notes and the exercise price under the Warrants were adjusted to \$0.45. The Notes carried an interest rate of 8% per annum. The notes were convertible at any time at the option of the Noteholders. Interest was payable upon the First Measurement Date, but at the Company's sole option, interest payments through July 31, 2009 totaling \$18,613 were capitalized and added to the principal amount. The Noteholders exercised their rights to convert the principal amount and all accrued interest under the notes to an aggregate of 1,076,283 common shares as of December 31, 2009 and the notes were discharged as paid in full as of that date.

Convertible debt as of June 30, 2010 and December 31, 2009 was comprised of the following:

Principal	Accrued Capitalized Interest	Total Convertible Debt	Maturity Date	Interest Rate	Conversion Price
\$ 5,000,000	\$ 811,056	\$ 5,811,056	February 7, 2012	9%	\$2.20
\$ 3,000,000	\$ 168,870	\$ 3,168,870	April 21, 2012	8%	\$0.45
\$ 8,000,000	\$ 979,926	\$ 8,979,926			

Total interest expense related to Convertible Debt for the six months ended June 30, 2010 and 2009 was \$400,775 and \$416,177. Total interest expense for the three months ended June 30, 2010 and 2009 was \$201,495 and \$210,470, respectively. As of June 30, 2010 the Company issued 303,371 new common shares at a price of £0.89 per share (approximately \$1.32) in payment of interest on these notes for the six months ended June 30, 2010 interest on these Notes.

5. RELATED-PARTY TRANSACTIONS

During the six months ended June 30, 2010 and 2009, the Company incurred rent expense totaling \$237,019 and \$231,744 respectively, which was paid to an affiliated company that is principally owned by executives, directors or stockholders of the Company (BDP Realty Associates LLC). During the three month periods ended June 30, 2010 and 2009, the Company incurred rent expense totaling \$118,509 and \$116,811 respectively.

6. STOCK INCENTIVE PLAN

The Board of Directors and Stockholders approved a new equity incentive plan (“2006 Equity Incentive Plan” or “Plan”) in January 2006. The Remuneration Committee of the Board of Directors (the “Committee”) administers the Plan. Employees and certain contractors, who in the judgment of the Committee render significant service to the Company, are eligible to participate.

Under the terms of the Plan, participants may be granted restricted shares or options to purchase the Company’s common stock at the fair market value on the date the option is granted. Options granted generally vest equally over three years and expire ten years after the grant date. At June 30, 2010 and December 31, 2009, a total of 7,665,193 and 6,793,229 shares, respectively, were reserved for issuance under the Plan. No restricted shares have been issued as of June 30, 2010 and of the stock options granted in 2009 and 2010, none were at a strike price lower than the market price at the time of the grant. At June 30, 2010, 620,194 common shares remained available for future stock option and restricted stock awards under the Plan.

Stock option plan activity for the six months ended June 30, 2010 was as follows:

	Options	Weighted-Average Exercise Price
Balance— December 31,2009	6,793,299	\$ 2.36
Granted	1,206,678	2.02
Exercised	(13,668)	0.77
Cancelled	(321,116)	2.59
Forfeited	-	-
Balance—June 30, 2010	7,665,193	\$ 2.34
Options exercisable at December 31, 2009	<u>5,535,148</u>	<u>\$ 2.32</u>
Options exercisable at June 30, 2010	<u>5,876,130</u>	<u>\$ 2.37</u>

Options Outstanding at June 30, 2010

Exercise Price	Number Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Life (Years)	Number Exercisable
\$ 0.60	100,000	\$ 0.60	2.4	100,000
1.20	1,186,489	1.20	8.4	1,177,823
1.28	99,000	2.50	9.4	-
1.30	120,000	1.30	9.8	-
1.65	200,000	2.53	9.4	-
1.70	75,000	2.88	9.4	-
1.75	24,500	3.01	9.4	9,667
2.13	1,011,678	2.13	9.8	31,178
2.50	2,781,279	2.50	5.0	2,738,279
2.53	334,167	2.53	6.4	331,667
2.88	648,583	2.88	6.4	661,916
3.01	781,330	3.01	7.5	528,433
3.05	19,167	3.05	7.4	13,167
3.07	75,000	3.07	7.4	75,000
4.00	50,000	4.00	5.4	50,000
4.40	159,000	4.40	1.2	159,000
	<u>7,665,193</u>	<u>\$ 2.34</u>		<u>5,876,130</u>

The Company's Plan provides for acceleration of exercisability of the options upon the occurrence of certain events related to a change in control, merger, and sale of assets or liquidation of the Company. FASB ASC 718 requires compensation cost related to share-based payments to employees to be recognized in the financial statements based on their fair value. Under the public company standard, companies must adopt FASB ASC 718 using the modified prospective application method. This method requires companies to (1) record compensation cost for the unvested portion of previously issued stock

option awards that remain outstanding at the initial date of adoption and (2) record compensation cost for any awards issued, modified, repurchased or cancelled after the effective date of FASB ASC 718. For the six months and three months ended June 30, 2010, the Company incurred total share-based expense of \$353,129 and \$218,043 respectively; \$334,460 and \$208,949 respectively related to employee compensation and \$18,669 and \$9,094 respectively related to non-employee directors and professionals. For the six months and three months ended June 30, 2009, the Company incurred total share-based expense of \$721,793 and \$277,710 respectively; \$633,461 and \$237,679 respectively related to employee compensation and \$88,332 and \$40,031 respectively related to non-employee directors and professionals. As of June 30, 2010, the total remaining unrecognized compensation expense related to the Company's unvested stock options was \$1,111,025. This unrecognized compensation expense is expected to be recognized over a weighted-average period of less than one year.

For awards granted in 2009 and 2010, the Company used the Black-Scholes model for valuation. Assumptions, including volatility, term and risk-free rate, utilized in the model were provided by or confirmed by an independent entity. Since the Company had little historical information regarding the volatility of its share price, estimated volatility was based on the historic volatility of comparative companies from the same industry. The Company believes that its historical share option experience does not provide a reasonable basis upon which to estimate expected term. Following the guidance of SAB ASC Topic 14, *Share-Based Payment*, the Company used a "simplified" method to determine expected term based on the vesting and original contractual terms. The valuation for stock option awards for the six months ended June 30, 2010 was:

Award Date	January <u>2010</u>	April <u>2010</u>	April <u>2010</u>	May <u>2010</u>	June <u>2010</u>
Exercise Price	\$1.70	\$2.13	\$2.13	\$2.13	\$1.30
Implied Volatility	36.21%	35.9%	34.5%	36.23%	34.59%
Expected Term (years)	6.0	6.0	5.0	6.0	5.5
Risk-Free Rate	3.01%	3.04%	2.67%	2.56%	2.22%
Fair Value per Option	\$0.69	\$0.85	\$0.74	\$0.31	\$0.46

7. WARRANTS

The Company had outstanding warrants to purchase 3,803,007 shares of common stock as of June 30, 2010, in addition to the stock options granted under the stock incentive plan.

Warrant activity for the six months ended June 30, 2010 was as follows:

	Warrants	Weighted-Average Exercise Price
BALANCE— December 31, 2009	<u>3,785,328</u>	<u>\$ 1.50</u>
Granted	17,679	0.25
Exercised	-	-
Cancelled	-	-
BALANCE— June 30, 2010	<u>3,803,007</u>	<u>\$ 1.48</u>
Warrants exercisable—December 31, 2009	<u>3,785,328</u>	<u>\$ 1.50</u>
Warrants exercisable— June 30, 2010	<u>3,803,007</u>	<u>\$ 1.48</u>

Warrants Outstanding at June 30, 2010				
Exercise Price	Number Outstanding	Weighted - Average Exercise Price	Weighted-Average Remaining Life (Years)	Number Exercisable
0.25	233,081	0.25	3.6	233,081
0.45	112,500	0.45	3.8	112,500
1.31	3,053,435	1.31	0.3	3,053,435
2.50	220,903	2.50	3.3	220,903
5.50	<u>183,088</u>	<u>5.50</u>	3.3	<u>183,088</u>
	<u>3,803,007</u>	<u>\$ 1.48</u>		<u>3,803,007</u>

During the six months ended June 30, 2010 and 2009, the Company issued 17,679 and 31,433 warrants respectively with an exercise price of \$0.25 per share as partial payment for legal services rendered and recognized an expense of \$66,294 and \$117,873 respectively. These expenses are included in Total operating expenses on the Consolidated Condensed Statements of Operations.

8. CAPITAL STOCK

During the six months ended June 30, 2010, the Company issued 13,668 new common shares upon exercise of stock options.

On June 30, 2010 the Company issued 303,371 new Common Shares at a price of £0.88 per share (approximately \$1.32) in payment of interest on Convertible Notes (See Note 4).

The terms on the Company's various classes and series of capital stock are summarized as follows:

Series A Convertible Preferred Stock —The Series A preferred stock had the following right as of June 30, 2010:

Liquidation Preference — The holders of the Series A preferred stock are entitled upon a liquidation event, to receive back their original investment, in priority to any return of capital to all other stockholders, with no further participation.

Common Stock — The common stockholders are entitled to a distribution of all remaining assets (which may be more or less than the original investment), on a proportionate basis, in the event of the dissolution or winding up of the Company, after payment of all liabilities of the Company and the liquidation preference of all series of preferred stock then outstanding. The common stock has no conversion or redemption rights. The common stock is entitled to one vote per share at all general meetings of the Company. The common stockholders are entitled to share in all dividends and distributions, which may be declared by the Company, on a proportionate basis with all other classes and series of stock outstanding.

9. LOSS PER SHARE

Computation of Loss per Common Share — Basic loss per common share is computed using the weighted-average number of common shares outstanding during the period. Diluted loss per common share is computed using the weighted-average number of common and dilutive common equivalent shares outstanding during the period. Dilutive common equivalent shares consist primarily of preferred shares, warrants, stock options and convertible debt. Due to the Company's net loss for all periods presented, the diluted loss calculation is not provided, in that the results of this calculation would be anti-dilutive.

The basic (loss) per share is calculated on the following data:

	6 months ended June 30,	
	2010	2009
	number of shares	number of shares
Weighted average number of common shares (for basic loss per share)	39,230,963	31,600,063
Potential dilutive ordinary shares:		
Preferred shares	6,851,144	6,851,144
Warrants	3,797,535	4,569,773
Stock incentive plan	7,070,312	6,608,560
Convertible debt	4,049,776	4,824,776
Diluted basis	<u>60,999,730</u>	<u>54,454,316</u>
Net Loss	<u>\$ (2,252,066)</u>	<u>\$ (2,300,994)</u>
Basic loss per share	<u>(\$0.06)</u>	<u>(\$0.07)</u>

10. SUBSEQUENT EVENTS

The Company evaluated subsequent events through August 2, 2010, the date on which these financial statements were finalized. There were no events or transactions occurring during this subsequent event reporting period that require recognition or disclosure in the financial statements.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the accompanying financial statements and related notes thereto. The following discussion may contain forward-looking statements that reflect future plans, estimates, beliefs, and expected performance. The forward-looking statements are dependent upon events, risks, and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward-looking statements. As such, the forward-looking events discussed may not occur. See discussion under the headings “*Forward Looking Statements*” and “*Risk Factors*” below.

The financial information with respect to the six and three month periods ended June 30, 2010 and 2009 that is discussed below is unaudited. In the opinion of management, this information contains all adjustments, consisting of normal recurring accruals, necessary for the fair presentation of the results for such periods. The results of operations for the interim periods are not necessarily indicative of the results of operations for the full fiscal year. The Company provides certain non-GAAP financial measures in this statement, in order to provide investors with additional perspective of underlying business trends and results. In addition management utilizes these measures in monitoring performance. These non-GAAP key business indicators, which include Adjusted EBITDA, cash operating expenses, and cash compensation expense, transaction volumes, merchant locations and same store sales, should not be considered replacements for and should be read in conjunction with the GAAP financial measures.

RESULTS OF OPERATIONS

Six Months Ended June 30, 2010 Compared to the Six Months Ended June 30, 2009

Revenue: Total revenue increased 30% to \$27.7m (H1'09: \$21.3m) as a result of the increase in multi-currency processing from new merchant deployments in new and existing regions. Active merchants as of June 30, 2010 increased 28% to 11,786 (June 2009: 9,191) Revenue from multi-currency processing services increased 54% to \$21.6m (H1'09: \$14.1m), while revenue from processing services decreased 15% to \$6.1m (H1'09: \$7.1m), and represented 22% of total revenue (H1'09: 33%).

Transaction Volume: The Company processed total settled transaction volume of \$1.2b, up 25% over the same period in 2009 (H1'09: \$971m). Transaction volume from multi-currency processing services increased 58% to \$599m (H1'09: \$379m). Settled processing volume increased to \$618m (H1'09: \$592m). Approximately 41% of multi-currency transaction volume processed in June 2010 was attributed to merchants activated since June 2009 and 13% of the June 2010 volume derived from locations activated in the first half of 2010. The Company has activated more than 3,300 new multi-currency locations activated since June 30, 2009, of which approximately 2,300 locations were activated during the first half of 2010.

Gross Profit: Gross profit rose 16% to \$8.7m (H1'09: \$7.5m). Overall gross margin percentage was 31% as compared to the H1'09 gross margin percentage of 35% due to certain customers achieving processing volume tiers in 2010 and also due to certain implementation, development and processing fees which had no associated direct costs of sales in 2009.

Operating Expenses: The Company's operating costs as a percentage of revenue decreased to 37% compared to 43% in H1'09. Operating expenses grew \$1.1m, to \$10.3m (H1'09: \$9.2m). Cash operating

expenses increased 19% to \$9.2m (H1'09: \$7.7m) in support of service launches in new markets in 2010 and due to the reinstatement of salaries, which had been reduced in Q4 of 2008 through most of 2009.

Cash compensation expenses totaled \$6.6m, an increase of 30% over H1'09, representing 72% of total cash operating expenses. (H1'09: \$5.1m, representing 66% of total cash operating expenses). Increases were due primarily to the reinstatement of previously reduced salaries (as explained above) and to bonuses paid in the first half of the 2010. Other cash operating expenses decreased 34% over 2009.

EBITDA: Adjusted EBITDA loss for the period was (\$0.5m) compared to a loss of (\$0.3m) a year ago. See Table 1 below for a reconciliation of Net loss to adjusted EBITDA. The increase in adjusted EBITDA loss for the first half reflects increases in operating expenses in support of service launches in new markets in 2010 and the reinstatement of salaries, which had been reduced in Q4 of 2008 through most of 2009.

Net Loss: Net loss for the period was (\$2.3m) compared to a net loss of (\$2.3m) for the first half of 2009.

Three Months Ended June 30, 2010 Compared to the Three Months Ended June 30, 2009

Revenue: Total revenue increased 32% to \$14.5m (Q2'09: \$10.9m) as a result of the increase in multi-currency processing from new merchant deployments in all regions. Revenue from multi-currency processing services increased 49% to \$11.6m (Q2'09: \$7.8m), while revenue from processing services decreased 7% to \$2.9m (Q2'09: \$3.1m), and represented 20% of total revenue (Q2'09: 28%).

Transaction Volume: The Company processed total settled transaction volume of \$618m, up 26% over the same period in 2009 (Q2'09: \$492m). Transaction volume from multi-currency processing services increased 57% to \$320m (Q2'09: \$204m). Settled processing volume increased to \$298m (Q2'09: \$288m).

The Company activated approximately 900 new multi-currency locations, during the second quarter of 2010, which contributed modestly to Q2 transaction volumes and revenue, but which are expected to generate additional revenue in the second half of 2010.

Improving economic conditions also contributed to increased volumes. The Company's same store multi-currency volume in the hospitality, retail and e-commerce sectors rebounded in the period, as evidenced by the average 34 % increase in second quarter same store volume over second quarter 2009.

Gross Profit: Gross profit rose 20% to \$4.6m (Q2'09: \$3.9m). Overall gross margin percentage was 32% as compared to the Q2'09 gross margin percentage of 35% due to certain customers achieving processing volume tiers in 2010 and certain 2009 implementation, development and processing fees which had no associated direct costs of sale.

Operating Expenses: The Company's operating costs as a percentage of revenue decreased to 35% compared to 41% in Q2'09. Operating expenses grew \$0.6m, to \$5.1 (Q2'09: \$4.5m). Cash operating expenses increased 18% to \$4.4m (Q2'09: \$3.8m) in support of service launches in new markets in 2010 and as a result of the reinstatement of salaries which had been temporarily reduced.

Cash compensation expenses totaled \$3.3m, an increase of 49% over Q2'09, representing 75% of total cash operating expenses for the quarter (Q2'09: \$2.2m, representing 59% of total cash operating

expenses). Increases were due to the reinstatement of temporarily reduced salaries. Other cash operating expenses decreased 27% over 2009.

EBITDA: Adjusted EBITDA for the period was \$0.2m to \$0.1m a year ago. See Table 1 below for a reconciliation of Net loss to adjusted EBITDA.

Net Loss: Net loss for the period was (\$0.7m) compared to a net loss of (\$0.9m) a year ago.

**Table 1. Reconciliation of Net Loss to Adjusted EBITDA
For the three and six month periods ended June 30, 2010 and 2009**

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net loss	\$(0.7)	\$(0.9)	\$(2.3)	\$(2.3)
Interest expense, net	0.3	0.3	0.6	0.6
Depreciation and amortization	0.4	0.4	0.8	0.7
Stock compensation expense	0.2	0.3	0.4	0.7
Income taxes	0.0	0.0	0.0	0.0
Other expenses	0.0	0.0	0.0	0.0
Adjusted EBITDA	\$0.2	\$0.1	(\$0.5)	(\$0.3)

LEGAL PROCEEDINGS

The Issuer is not and was not during the quarter ended June 30, 2010, party to any legal proceedings or administrative actions that could have a material effect on the Issuer's business, financial condition, or operations nor have any such proceedings been threatened. Neither are there any current, past or pending trading suspensions by a securities regulator.

DEFAULTS UPON SENIOR SECURITIES

Not applicable.

OTHER INFORMATION

Information regarding the sales of the Issuer's equity securities during the period ended June 30, 2010 has already been disclosed and are included in the notes to the Financial Statements for such period. Otherwise not applicable.

EXHIBITS

Attached to this report as Exhibit A is the Amended and Restated By-Laws of the Company approved by the stockholders at the General Meeting held on June 4, 2010.

FORWARD-LOOKING STATEMENTS

Information contained in this report may include ‘forward-looking statements’. All statements other than statements of historical facts included herein, including, without limitation, those regarding the financial position, business strategy, plans and objectives of management for future operations of both Planet Payment and its business partners, are forward-looking statements. Such forward-looking statements are based on a number of assumptions regarding Planet Payment’s present and future business strategies, and the environment in which Planet Payment expects to operate in future, which assumptions may or may not be fulfilled in practice. Implementation of some or all of the new services referred to is subject to regulatory or other third party approvals. Actual results may vary materially from the results anticipated by these forward-looking statements as a result of a variety of risk factors, including the risks discussed under the heading “Risk Factors”. These forward-looking statements speak only as to the date of this report and cannot be relied upon as a guide to future performance. Planet Payment expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this report to reflect any changes in its expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

RISK FACTORS

Risk factors that may affect the Company’s future prospects, performance and results, are referenced in the Company’s Admission document to the AIM market, which is available on its website at www.planetpayment.com/Investors. Some of the risk factors that investors or potential investors in Planet Payment’s securities should consider are summarized as follows:

- The business is still in a substantial growth phase, which makes it difficult to evaluate and forecast the Company’s future prospects.
- The Company has incurred losses since its inception and cannot guarantee that it will achieve profitability.
- The Company may require additional capital in the future to fund operations, or it may elect to raise additional capital if market conditions are favorable.
- The Company relies on third parties to implement the Company’s solutions and to market them to end customers, and cardholders may not adopt the Company’s services.
- Implementation, adoption and offering of the service by processors, acquirers, merchants and others may take longer than anticipated, or may not occur at all.
- The Company’s industry is highly competitive.
- The Company may face decreasing gross margins.
- Changes in the credit card industry, regulatory changes, particularly in the United States and China and changes in card association regulations and practices may impair the Company’s business. Visa has recently adopted certain rule changes applicable to dynamic currency conversion (“DCC”) in certain regions in which the Company operates and has continued to prohibit DCC in certain other regions where the Company operates. These rule changes are intended to limit the growth of DCC. The full impact of these rule changes on the Company’s future business and financial results cannot be fully assessed at this time.
- The Company is required to be registered with card associations in order to provide its services and the Company relies on bank sponsorship for this registration.
- Changes in credit card industry billing and disclosure of cross-currency transactions may impact the Company’s revenues and gross margins.
- Third parties claiming that the Company infringes their proprietary rights could cause the Company to incur significant legal expenses, for itself and on behalf of certain customers who are indemnified by the Company and prevent the Company from offering its services.
- The Company may be subject to litigation in the future.

- The Company may not be able to protect and enforce its contractual and intellectual property rights.
- Rapid technological change could render the Company's services obsolete.
- The Company's business exposes it to currency exchange risk.
- If the Company were to lose the services of its CEO or other members of its senior management team, the Company may not be able to execute its business strategy.
- The Company faces risks in foreign markets.
- Additional risks may arise with respect to commencing operations in new countries and regions of which the Company is not fully aware at this time.
- The Company could be subject to liability in the event of unauthorized disclosure of cardholder or transaction data.
- Merchant fraud or insolvency could, in some cases, negatively affect the Company's cash flows and operating results and result in liability to the Company.
- Adverse economic and other global conditions, general economic risks and decrease in volume of international travel and commerce could result in a decrease in transaction volumes.
- The Company relies on third party and organic new technology and systems; delays in development and implementation of new technology could delay revenues from the relevant projects or customers.
- The Company could face liability or termination of key contractual relationships in the event of a system failure or a failure to perform to contracted standards.
- Material past or future acquisitions made by the Company may have an adverse effect on its results.
- Additional risks may arise with respect to the acquired assets and assumed contracts of which Planet Payment is not fully aware at this time.
- The Company may be required to comply with U.S. federal securities law reporting and corporate governance regulations in the future, which would entail significant expense and could materially impair the Company's operating results.
- Securities traded on the AIM, Pink Sheets and OTCQX markets may involve greater risk, potentially greater volatility and lower liquidity than securities traded on other public markets.
- The Company is not currently subject to the same reporting requirements as companies whose stock is traded on other public markets.
- Ownership of the Company's Common Shares is concentrated among a small number of large shareholders, and substantial sales by these shareholders could depress the Company's stock price.

PLANET PAYMENT, INC.

QUARTERLY REPORT

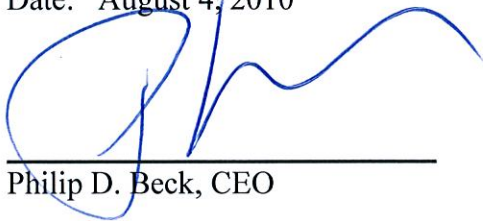
**FOR THE QUARTER
ENDED JUNE 30, 2010**

CERTIFICATIONS

I, Philip D Beck, certify that:

1. I have reviewed this Quarterly Report for the quarter ended June 30, 2010 of Planet Payment, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: August 4, 2010



Philip D. Beck, CEO

I, Robert Cox, certify that:

1. I have reviewed this Quarterly Report for the Quarter ended June 30, 2010 of Planet Payment, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: August 4, 2010



Robert Cox, CFO

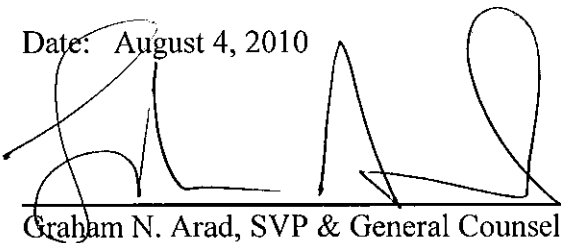
I, Graham N. Arad, certify that:

1. I have reviewed this Quarterly Report for the Quarter ended June 30, 2010 of Planet Payment, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: August 4, 2010



Graham N. Arad, SVP & General Counsel

EXHIBIT A
AMENDED AND RESTATED
BY-LAWS
OF
PLANET PAYMENT, INC.
(A Delaware Corporation)

ARTICLE 1

DEFINITIONS

As used in these By-laws, unless the context otherwise requires, the term:

- 1.1 “Admission” means admission of the Corporation’s Common Stock to AIM.
- 1.2 “AIM” means the AIM market of the London Stock Exchange plc.
- 1.3 “Board” means the Board of Directors of the Corporation.
- 1.4 “Certificate of Incorporation” means the initial certificate of incorporation of the Corporation, as amended, supplemented or restated from time to time, including any certificates of designation thereto.
- 1.5 “Corporation” means PLANET PAYMENT, INC.
- 1.6 “General Corporation Law” means the General Corporation Law of the State of Delaware, as amended from time to time.

ARTICLE 2

SHAREHOLDERS

2.1 Place of Meetings. Every meeting of shareholders shall be held at the principal office of the Corporation or at such other place within or without the State of Delaware or by means of remote communication as shall be specified or fixed in the notice of such meeting or in the waiver of notice thereof.

2.2 Annual Meeting. A meeting of shareholders shall be held annually for the election of directors and the transaction of other business at such hour and on such business day as may be determined by the Board and designated in the notice of meeting.

2.3 Other Special Meetings.

2.3.1 A special meeting of shareholders, unless otherwise prescribed by statute, may be called at any time by the Board or by the President or by the Secretary. At any special meeting of shareholders only such business may be transacted as is related to the purpose or purposes of such meeting set forth in the notice thereof given pursuant to Section 2.5 of the By-laws or in any waiver of notice thereof given pursuant to Section 2.6 of the By-laws.

2.3.2 The Board shall, on the requisition of holders of not less than one-tenth of the shares entitled to vote at any meeting of shareholders forthwith proceed to call a special meeting of shareholders.

(a) The requisition must state the purpose of the meeting and must be signed by the requisitionists and deposited at the office of the Corporation, and may consist of several documents in like form each signed by one or more requisitionists.

(b) If the Board does not within 21 days from the date of the deposit of the requisition proceed to call a special meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves call a meeting, but any meeting so called shall not be held after the expiration of three months from that date.

(c) A meeting convened under this Section by requisitionists shall be called in accordance with the provisions of Section 2.4 through 2.6.

(d) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Corporation, and any sum so repaid shall be retained by the Corporation out of any sums due or to become due from the Corporation by way of fees or other remuneration in respect of their services to such of the directors as were in default.

2.4 Fixing Record Date. For the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividend or the allotment of any rights, or for the purpose of any other action, the Board may fix, in advance, a date as the record date for any such determination of shareholders. Such date shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no such record date is fixed:

2.4.1 The record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given;

2.4.2 The record date for determining shareholders for any purpose other than that specified in Section 2.4.1 shall be at the close of business on the day on which the resolution of the Board relating thereto is adopted.

When a determination of shareholders entitled to notice of or to vote at any meeting of shareholders has been made as provided in this Section 2.4, such determination shall apply to any adjournment thereof, unless the Board fixes a new record date for the adjourned meeting.

2.5 Notice of Meetings of Shareholders. Except as otherwise provided in Sections 2.4 and 2.6 of the By-laws, whenever under the General Corporation Law or the Certificate of Incorporation or the By-laws, shareholders are required or permitted to take any action at a meeting, notice shall be given in writing or by electronic transmission in the manner provided by Article 9 stating the place, date and hour of the meeting and, unless it is the annual meeting, indicating that it is being issued by or at the direction of the person or persons calling the meeting. Notice of a special meeting shall also state the purpose or purposes for which the meeting is called. A copy of the notice of any meeting shall be given, personally by mail by telecopier or by e-mail, not less than ten nor more than sixty days before the date of the meeting, to each shareholder entitled to notice of or to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, with postage thereon prepaid (for airmail if applicable), directed to the shareholder at his address as it appears on the record of shareholders, or, if he shall have filed with the Secretary a written request that notices to him be mailed to some other address, then directed to him at such other address. If sent by telecopier or e-mail such notice shall be deemed given one business day after being transmitted to the telecopier number or e-mail address as it appears on the record of shareholders or if he shall have filed with the Secretary a written request that notices to him be sent to some other number or address then directed to him at such other number or address. An affidavit of the Secretary or other person giving the notice or of the transfer agent of the Corporation that the notice required by this section has been

given shall, in the absence of fraud, be prima facie evidence of the facts therein stated. When a meeting is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and at the adjourned meeting any business may be transacted that might have been transacted at the meeting as originally called. However, if after the adjournment the Board fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record on the new record date who is entitled to notice.

2.6 Waivers of Notice. Notice of meeting need not be given to any shareholder who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of any shareholder at a meeting, in person or by proxy, without protesting prior to any vote being taken, the lack of notice of such meeting, shall constitute a waiver of notice by him.

2.7 Notice of Stockholder Business; Nominations.

2.7.1 Annual Meeting of Stockholders.

(a) Nominations of persons for election to the Board and the proposal of business to be considered by the stockholders shall be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of such meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the notice provided for in this Section 2.7, who is entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 2.7.

(b) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of subparagraph 2.7.1(a), the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice must be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the seventy-fifth (75th) day nor earlier than the close of business on the one hundred and fifth (105th) day prior to the first anniversary of the preceding year's annual meeting (except in the case of the 2006 annual meeting, for which such notice shall be timely if delivered in the same time period as if such meeting were a special meeting); provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred and fifth (105th) day prior to such annual meeting and not later than the close of business on the later of the seventy-fifth (75th) day prior to such annual meeting or the close of business on the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. Such stockholder's notice shall set forth: (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (ii) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (1) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, and (2) the class and number of shares of the Corporation that are owned beneficially and held of record by such stockholder and such beneficial owner.

(c) Notwithstanding anything in the second sentence of subparagraph 2.7.1(b) to the contrary, in the event that the number of directors to be elected to the Board is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of

the increased board of directors at least seventy-five (75) days prior to the first anniversary of the preceding year's annual meeting (or, if the annual meeting is held more than thirty (30) days before or sixty (60) days after such anniversary date, at least seventy-five (75) days prior to such annual meeting), a stockholder's notice required by this Section 2.7 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive office of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

2.7.2 Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of such meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of such meeting (a) by or at the direction of the Board or (ii) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice of the special meeting, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 2.7. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by subparagraph 2.7.1(b) shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the one hundred fifth (105th) day prior to such special meeting and not later than the close of business on the later of the seventy-fifth (75th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting.

2.7.3 General.

(a) Only such persons who are nominated in accordance with the procedures set forth in this Section 2.7 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.7. Except as otherwise provided by law or these Bylaws, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 2.7 and, if any proposed nomination or business is not in compliance herewith, to declare that such defective proposal or nomination shall be disregarded.

(b) For purposes of this Section 2.7, the term "**public announcement**" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service in the United States or United Kingdom or over the Regulatory Information Service of the London Stock Exchange plc.

2.8 List of Shareholders at Meeting. A list of shareholders as of the record date, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, and shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present at the meeting. If the meeting is held solely by means of remote communication, then the list shall be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network. If the right to vote at any meeting is challenged, the inspectors of election, or person presiding thereat, shall require such list of shareholders to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear from such list to be shareholders entitled to vote thereat may vote at such meeting.

2.9 Quorum of Shareholders; Adjournment. The holders of one-third of the shares entitled to vote at any meeting of shareholders, present in person or represented by proxy, shall constitute a quorum for the transaction of any business at any such meeting, provided that when a specified item of business is required to be voted on by a class or series (if the Corporation shall then have outstanding shares of more than one class or series) voting as a class, the holders of one-third of the shares of such class or series shall constitute a quorum (as to such class or series) for the transaction of such item of business. When a quorum is once present to organize a meeting of shareholders, it is not broken by the subsequent withdrawal of any shareholders or their proxies. The holders of a majority of shares present in person or represented by proxy at any meeting of shareholders, including an adjourned meeting, whether or not a quorum is present, may adjourn such meeting to another time and place.

2.10 Voting; Proxies. Unless otherwise provided in the Certificate of Incorporation, every shareholder of record shall be entitled at every meeting of shareholders to one vote for each share standing in his name on the record of shareholders determined in accordance with Section 2.4 of the By-laws. The provisions of Section 212 and 217 of the General Corporation Law shall apply in determining whether any shares may be voted and the persons, if any, entitled to vote such shares; but the Corporation shall be protected in treating the persons in whose names and shares stand on the record of shareholders as owners thereof for all purposes. At any meeting of shareholders (at which a quorum was once present to organize the meeting), all matters other than election of directors, except as otherwise provided by law or by the Certificate of Incorporation or by the By-laws, shall be decided by a majority of the votes cast at such meeting by the holders of shares present in person or represented by proxy and entitled to vote thereon, whether or not a quorum is present when the vote is taken. In voting on any question on which a vote by ballot is required by law or is demanded by any shareholder entitled to vote, the voting shall be by ballot. Each ballot shall be signed by the shareholder voting or by his proxy, and shall state the number of shares voted. On all other questions, the voting may be by show of hands. Every shareholder entitled to vote at a meeting of shareholders or to express consent or dissent without a meeting may authorize another person or persons to act for him by proxy. The validity and enforceability of any proxy shall be determined in accordance with Section 212 of the General Corporation Law.

2.11 Selection and Duties of Inspectors at Meeting of Shareholders. The Board, in advance of any meeting of shareholders, may appoint one or more inspectors to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at such meeting may, and on the request of any shareholder entitled to vote thereat shall, appoint one or more inspectors. In case any person appointed fails to appear or act, the vacancy may be filled by appointment made by the Board in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspector or inspectors shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and shall do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting or any shareholder entitled to vote thereat, the inspector or inspectors shall make a report in writing of any challenge, question or matter determined by him or them and execute a certificate of any fact found by him or them. Any report or certificate made by the inspector or inspectors shall be prima facie evidence of the facts stated and of the vote as certified by him or them.

2.12 Organization. At every meeting of shareholders, the Chairperson or in the absence of the Chairperson the President, or in the absence of both a Vice President, and in case more than one Vice President shall be present that Vice President having the duty to do so by virtue of the order of precedence prescribed pursuant to Section 5.7 of the By-laws, shall act as chairman of the meeting. The Secretary, or in his absence one of the Assistant Secretaries, shall act as secretary of the meeting. In case none of the persons above designated to act as chairman or secretary of the meeting, respectively, shall be present, a chairman or a secretary of the meeting, as the case may be, shall be chosen by a majority of the votes cast at such meeting by the holders of shares present in person or represented by proxy and entitled to vote at the meeting.

2.13 Order of Business. The order of business at all meetings of shareholders shall be as determined by the chairman of the meeting, subject to Section 2.7 hereof, but the order of business to be followed at any meeting at which a quorum is present may be changed by a majority of the votes cast at such meeting by the holders of shares present in person or represented by proxy and entitled to vote at the meeting.

2.14 Written Consent of Shareholders without a Meeting. Whenever the shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken or to be taken, signed by the holders of a majority of the outstanding shares entitled to vote thereon and when signed may consist of several writings each signed by one or more shareholders provided that no written consent shall be effective unless, within sixty days of the earliest dated consent delivered to the Corporation, written consents signed by a sufficient number of stockholders to take the action set forth therein are delivered to the Corporation. Such consent shall have the same effect as a vote of shareholders at a meeting duly constituted. The resolution and the written consents thereto by the shareholders shall be filed with the minutes of the proceedings of the shareholders.

2.15 Participation in Meeting of Shareholders by Means of Conference Telephone or Similar Communications Equipment. Any one or more Shareholders may participate in a meeting of the Shareholders by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

ARTICLE 3

DIRECTORS

3.1 General Powers. Except as otherwise provided in the Certificate of Incorporation, the business of the Corporation shall be managed under the direction of its Board. The Board may adopt such rules and regulations, not inconsistent with the Certificate of Incorporation or the By-laws or applicable laws, as it may deem proper for the conduct of its meetings and the management of the Corporation. In addition to the powers expressly conferred by the By-laws, the Board may exercise all powers and perform all acts which are not required, by the By-laws or the Certificate of Incorporation, to be exercised and performed by the shareholders.

3.2 Number; Qualification. The board of directors shall consist of one or more members. The number of directors shall be fixed initially by the Incorporator and may thereafter be changed from time to time by action of the shareholders or of the Board. Each director shall be at least eighteen years of age.

3.3 Election. Directors shall, except as otherwise required by law or by the Certificate of Incorporation, be elected by a plurality of the votes cast at a meeting of shareholders by the holders of shares entitled to vote in the election.

3.4 Classification of Board; Term of Office. Following Admission, the Board shall be divided into three classes designated as Class I, Class II and Class III, respectively. Directors shall be assigned to each class in accordance with resolutions adopted by the Board, with the number of directors in each class to be divided as equally as reasonably possible. The term of office of the Class I directors shall expire at the Corporation's first annual meeting of shareholders following Admission, the term of office of the Class II directors shall expire at the Corporation's second annual meeting of shareholders following Admission, and the term of office of the Class III directors shall expire at the Corporation's third annual meeting of shareholders following Admission. At each annual meeting of shareholders commencing with the first annual meeting of shareholders following Admission, directors elected to succeed those directors of the class whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of shareholders after their election. Prior to Admission, each director shall hold office until the next annual meeting of stockholders and until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal.

3.5 Newly Created Directorships and Vacancies. Newly created directorships resulting from an increase in the number of directors and vacancies occurring in the Board for any reason may be filled by vote of a majority of the directors then in office, although less than a quorum, at any meeting of the Board. A director elected to fill a vacancy shall be designated as a Class I, Class II or Class III director in accordance with Section 3.3, but shall hold office only until the next annual meeting of stockholders, (at which time, if such director wishes to continue serving the Board, continued service shall be subject to re-nomination and re-election at such annual meeting of stockholders) or until such director's earlier death, resignation or removal.

3.6 Resignations. Any director may resign at any time by written notice to the President or the Secretary. Such resignation shall take effect at the time therein specified, and, unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

3.7 Removal of Directors. Subject to the provisions of Section 141 of the General Corporation Law, any or all of the directors may be removed with or without cause by the vote of the holders of a majority of the shares then entitled to vote at an election of directors.

3.8 Compensation. Each director, in consideration of his service as such, shall be entitled to receive from the Corporation such amount per annum or such fees for attendance at directors' meetings, or both, in the form of cash or equity awards under the Corporation's stock option or equity incentive plan or plans then in effect, as the Board may from time to time determine, together with reimbursement for the reasonable expenses incurred by him in connection with the performance of his duties. Each director who shall serve as a member of any committee of directors in consideration of his serving as such shall be entitled to such additional amount per annum or such fees for attendance at committee meetings, or both, in the form of cash or equity awards under the Corporation's stock option or equity incentive plan or plans then in effect, as the Board may from time to time determine, together with reimbursement for the reasonable expenses incurred by him in the performance of his duties. Nothing in this section contained shall preclude any director from serving the Corporation or its subsidiaries in any other capacity and receiving proper compensation therefor.

3.9 Place and Time of Meetings of the Board. Meetings of the Board, regular or special, may be held at any place within or without the State of Delaware. The times and places for holding meetings of the Board may be fixed from time to time by resolution of the Board or (unless contrary to resolution of the Board) in the notice of the meeting.

3.10 Regular Meetings. Regular meetings of the Board may be held at such times and places as may be fixed from time to time by the Board. Unless otherwise required by the Board, regular meetings of the Board may be held without notice provided that the times and places of such meetings are fixed by resolution of the Board.

3.11 Special Meetings. Special meetings of the Board shall be held whenever called by the Chairperson, the President or the Secretary or by a majority of the Board. Notice of each special meeting of the Board shall, if mailed, be addressed to each director at the address designated by him for that purpose or, if none is designated, at his last known address at least four days before the date on which the meeting is to be held; or such notice shall be sent to each director at such address by telecopier, e-mail or similar means of communication, or be delivered to him personally, not later than the day before the date on which such meeting is to be held. Every such notice shall state the time and place of the meeting but need not state the purposes of the meeting, except to the extent required by law, and unless otherwise indicated in the notice any and all business may be transacted at a special meeting. If mailed, each notice shall be deemed given when deposited, with postage thereon prepaid, in a post office or official depository under the exclusive care and custody of the United States post office department. Such mailing shall be by first class mail (and airmail if applicable).

3.12 Adjourned Meetings. A majority of the directors present at any meeting of the Board, including an adjourned meeting, whether or not a quorum is present, may adjourn such meeting to another time and place. Notice of any adjourned meeting of the Board need not be given to any director whether or not present at the time of the adjournment. Any business may be transacted at any adjourned meeting that might have been transacted at the meeting as originally called.

3.13 Waivers of Notice of Meetings. Anything in these By-laws or in any resolution adopted by the Board to the contrary notwithstanding, notice of any meeting of the Board need not be given to any director who submits a signed waiver of such notice, whether before or after such meeting, or who attends such meeting without protesting, prior thereto or at its commencement, the lack of notice to him.

3.14 Organization. At each meeting of the Board, the Chairperson, or in the absence of the Chairperson, the President of the Corporation, or in the absence of both, a chairman chosen by the majority of the directors present, shall preside. The Secretary shall act as Secretary at each meeting of the Board. In case the Secretary shall be absent from any meeting of the Board, an Assistant Secretary shall perform the duties of Secretary at such meeting; and in the absence from any such meeting of the Secretary and Assistant Secretaries, the person presiding at the meeting may appoint any person to act as Secretary of the meeting.

3.15 Quorum of Directors. A majority of the total number of directors then serving on the Board shall constitute a quorum for the transaction of business or of any specified item of business at any meeting of the Board.

3.16 Action by the Board. Except as otherwise provided in Section 3.17 of the By-Laws, all corporate action taken by the Board shall be taken at a meeting of the Board. Except as otherwise provided by the Certificate of Incorporation or by law, the vote of a majority of the directors present at the time of the vote, if a quorum is present at such time, shall be the act of the Board.

3.17 Written Consent of Directors Without a Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting upon written consent signed by all members of the Board to the adoption of a resolution authorizing the action and when signed may consist of several writings each signed by one or more directors. Such consent shall have the same effect as a unanimous vote of the Board. The resolution and the written consents thereto by the members of the Board shall be filed with the minutes of the proceedings of the Board.

3.18 Participation in Meeting of Board by Means of Conference Telephone or Similar Communications Equipment. Any one or more members of the Board may participate in a meeting of the Board by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

ARTICLE 4

EXECUTIVE COMMITTEE AND OTHER COMMITTEES

4.1 How Constituted and Powers. The Board, by resolution adopted by a majority of the Board, may designate from among its members an executive committee and other committees, including but not limited to a Compensation Committee and an Audit Committee (each consisting of two or more directors, and the majority of whom shall be non-executive directors to the extent possible), each of which, to the extent expressly provided in the resolution, shall have all the authority of the Board, except that no such committee shall have authority as to the following matters:

- (a) .the submission to shareholders of any matter that needs shareholders' approval;
- (b) the filling of vacancies in the Board or in any committee;
- (c) the amendment or repeal of the By-laws, or the adoption of new By-laws; or
- (d) the amendment or repeal of any resolution of the Board which includes among its terms a provision that it is not so amendable or repealable.

4.2 General. Any committee designated by the Board pursuant to Section 4.1 of the By-laws, and each of the members and alternate members thereof, shall serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any such committee, who may replace any absent member or members at any meeting of such committee. All corporate action taken by any committee designated by the Board pursuant to Section 4.1 of the By-laws shall be taken at a meeting of such committee except that any action required or permitted to be taken by any committee may be taken without a meeting if all members of the committee consent in writing to the adoption of a resolution authorizing the action; in such event the resolution and the written consents thereto by the members of the committee shall be filed with the minutes of the proceedings of the committee. Any one or more members of any committee may participate in a meeting of such committee by means of conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting. Any committee may adopt such rules and regulations, not inconsistent with the Certificate of Incorporation or the By-laws or applicable laws or the resolution of the Board designating such committee, as it may deem proper for the conduct of its meetings and the exercise by it of the authority of the Board conferred upon such committee by the resolution of the Board designating such committee. Any committee may (subject to the approval of the Board) invite any director who is not a member of the committee to participate in (but not vote at) any meeting or meetings of such committee as the committee deems appropriate or necessary.

ARTICLE 5

OFFICERS

5.1 Officers. The Board may elect or appoint a President, one or more Vice Presidents, a Secretary and a Treasurer, and such other officers as it may determine. All officers shall be elected or appointed to hold office until the meeting of the Board following the next annual meeting of shareholders. The Board may designate one or more Vice Presidents as Executive Vice Presidents, and may use descriptive words or phrases to designate the standing, seniority or area of special competence of the Vice Presidents elected or appointed by it. Each officer shall hold office for the term for which he is elected or appointed, and until his successor shall have been elected or appointed and qualified or until his death, his resignation or his removal in the manner provided in Section 5.2 of the By-laws. Any two or more offices may be held by the same person, except the offices of President and Secretary; provided, however, that if all of the issued and outstanding shares of the Corporation are owned by one person, such person may hold all or any combination of offices. All officers as between themselves and the Corporation shall have such authority and perform such duties in the management of the Corporation as may be provided in the By-laws or as the Board may from time to time determine.

5.2 Removal of Officers. Any officer elected or appointed by the Board may be removed by the Board with or without cause. The removal of an officer without cause shall be without prejudice to his contract rights, if any. The election or appointment of an officer shall not of itself create contract rights.

5.3 Resignations. Any officer may resign at any time by notifying the Board or the President or the Secretary in writing. Such resignation shall take effect at the date of receipt of such notice or at such later time as is therein specified, and, unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective. The resignation of an officer shall be without prejudice to the contract rights of the Corporation, if any.

5.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause may be filled for the unexpired portion of the term by the Board at any regular or special meeting of the Board.

5.5 Compensation. No officer shall be prevented from receiving a salary or other compensation by reason of the fact that he is also a director.

5.6 Chairperson of the Board. The Chairperson of the Board of Directors shall have the power to preside at all meetings of the Board of Directors and shall have such other powers and duties as provided in these Bylaws and as the Board of Directors may from time to time prescribe.

5.7 Chief Executive Officer. Subject to the control of the Board and such supervisory powers, if any, as may be given by the Board, the powers and duties of the Chief Executive Officer of the Corporation are:

- (a) To act as the general manager and, subject to the control of the Board, to have general supervision, direction and control of the business and affairs of the Corporation;
- (b) To preside at all meetings of the stockholders;
- (c) To call meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper; and
- (d) To affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the Corporation; to sign certificates for shares of stock of the Corporation; and, subject to the direction of the Board, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation.

5.8 President. The President shall be the Chief Executive Officer unless the Board shall have designated another officer as the Chief Executive Officer. Subject to the provisions of these Bylaws and to the direction of the Board, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board to the Chairperson of the Board, and/or to any other officer, the President shall have the responsibility for the general management the control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board.

5.9 Chief Financial Officer. The Chief Financial Officer shall be the Treasurer of the Corporation unless the Board of Directors shall have designated another officer as the Treasurer of the Corporation. Subject to the direction of the Board of Directors and the Chief Executive Officer, the Chief Financial Officer shall perform all duties and have all powers that are commonly incident to the office of Chief Financial Officer.

5.10 Vice Presidents. Each Vice President shall have all such powers and duties as are commonly incident to the office of Vice President, or that are delegated to him or her by the Board or the Chief Executive Officer. A Vice President may be designated by the Board to perform the duties and exercise the powers of the Chief Executive Officer in the event of the Chief Executive Officer's absence or disability. Any Vice President may also, with the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer, sign certificates for shares of the Corporation; may sign and execute, in the name of the Corporation, deeds, mortgages, bonds, contracts or other instruments authorized by the Board, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by the By-laws to some other officer or agent of the Corporation, or shall be required by law otherwise to be signed or executed; and shall perform such other duties as from time to time may be assigned to him by the Board or by the President.

5.11 Secretary. The Secretary, if present, shall act as Secretary of all meetings of the shareholders and of the Board, and shall keep the minutes thereof in the proper book or books to be provided for that purpose; he shall see that all notices required to be given by the Corporation are duly given and served; he may, with the President or a Vice President, sign certificates for shares of the Corporation; he shall be custodian of the seal of the Corporation and may seal with the seal of the Corporation or a facsimile thereof, all certificates for shares of the Corporation and all documents the execution of which on behalf of the Corporation under its corporate seal is authorized in accordance with the provisions of the By-laws; he shall have charge of the share records and also of the other books, records and papers of the Corporation relating to its organization and management as a Corporation, and shall see

that the reports, statements and other documents required by law are properly kept and filed; and shall, in general, perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board or by the President.

5.12 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds, securities and notes of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any sources whatsoever; deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with these By-laws; against proper vouchers, cause such funds to be disbursed by checks or drafts on the authorized depositories of the Corporation signed in such manner as shall be determined in accordance with any provisions of the By-laws, and be responsible for the accuracy of the amounts of all moneys so disbursed; regularly enter or cause to be entered in books to be kept by him or under his direction full and adequate account of all moneys received or paid by him for the account of the Corporation; have the right to require, from time to time, reports or statements giving such information as he may desire with respect to any and all financial transactions of the Corporation from the officers or agents transacting the same; render to the President or the Board, whenever the President or the Board, respectively, shall require him so to do, an account of the financial condition of the Corporation and of all his transactions as Treasurer; exhibit at all reasonable times his books of account and other records to any of the directors upon application at the office of the Corporation where such books and records are kept; and, in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board or by the Chief Executive Officer; and he may sign with the President or a Vice President certificates for shares of the Corporation.

5.13 Assistant Secretaries and Assistant Treasurers. Assistant Secretaries and Assistant Treasurers shall perform such duties as shall be assigned to them by the Secretary or by the Treasurer, respectively, or by the Board or by the President. Assistant Secretaries and Assistant Treasurers may, with the President or a Vice President, sign certificates for shares of the Corporation.

ARTICLE 6

CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

6.1 Execution of Contracts. The Board may authorize any officer, employee or agent, in the name and on behalf of the Corporation, to enter into any contract or execute and satisfy any instrument, and any such authority may be general or confined to specific instances, or otherwise limited.

6.2 Loans. The President or any other officer, employee or agent authorized by the By-laws or by the Board may effect loans and advances at any time for the Corporation from any bank, trust company or other institutions or from any firm, corporation or individual and for such loans and advances may make, execute and deliver promissory notes, bonds or other certificates or evidences of indebtedness of the Corporation, and when authorized so to do may pledge and hypothecate or transfer any securities or other property of the Corporation as security for any such loans or advances. Such authority conferred by the Board may be general or confined to specific instances or otherwise limited.

6.3 Checks, Drafts, Etc. All checks, drafts and other orders for the payment of money out of the funds of the Corporation and all notes or other evidences of indebtedness of the Corporation shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by resolution of the Board.

6.4 Deposits. The funds of the Corporation not otherwise employed shall be deposited from time to time to the order of the Corporation in such banks, trust companies or other depositories as the Board may select or as may be selected by an officer, employee or agent of the Corporation to whom such power may from time to time be delegated by the Board.

ARTICLE 7

SHARES AND DIVIDENDS

7.1 Certificates Representing Shares. The shares of the Corporation shall be represented by certificates in such form (consistent with the provisions of Section 158 of the General Corporation Law) as shall be approved by the Board, unless the Board shall provide by resolution that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Certificates shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and may be sealed with the seal of the Corporation or a facsimile thereof. The signatures of the officers upon a certificate may be facsimiles, if the certificate is countersigned by a transfer agent or registered by a registrar other than the Corporation itself or its employee. In case any officer who has signed or whose facsimile signature has been placed upon any certificate shall have ceased to be such officer before such certificate is issued, such certificate may, unless otherwise ordered by the Board, be issued by the Corporation with the same effect as if such person were such officer at the date of issue.

7.2 Transfer of Shares. Transfers of shares shall be made only on the books of the Corporation by the holder thereof or by his duly authorized attorney appointed by a power of attorney duly executed and filed with the Secretary or a transfer agent of the Corporation, and with respect to certificated shares, on surrender of the certificate or certificates representing such shares properly endorsed for transfer, and upon payment of all necessary transfer taxes. A person in whose name shares shall stand on the books of the Corporation shall be deemed the owner thereof to receive dividends, to vote as such owner and for all other purposes as respects the Corporation. No transfer of shares shall be valid as against the Corporation, its shareholders and creditors for any purpose, except to render the transferee liable for the debts of the Corporation to the extent provided by law, until such transfer shall have been entered on the books of the Corporation by an entry showing from and to whom transferred. No transfer of shares shall be recorded by the Corporation unless the Corporation is satisfied that the shares so transferred are registered pursuant to the Securities Act of 1933 or any other applicable securities laws or that an exemption from such registration is applicable thereto. The Corporation may require the transferor and the transferee to provide at their cost such additional documentation, including an opinion of counsel acceptable to the Corporation, as the Corporation considers necessary to make such determination.

7.3 Transfer of Shares Subject to Regulation S. With respect to any securities of the Company issued or transferred pursuant to Rule 903(b)(3) of Regulation S under the Securities Act of 1933, the Corporation shall refuse to register any subsequent transfer of such securities not made in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act of 1933, or pursuant to an available exemption from registration; provided, however, that if foreign law prevents the Corporation from refusing to register securities transfers, the Corporation may instead implement other reasonable procedures to prevent transfers of such securities not made in accordance with the provisions of Regulation S.

7.4 Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agents and registry offices or agents at such place or places as may be determined from time to time by the Board.

7.5 Lost, Destroyed, Stolen and Mutilated Certificates. The holder of any shares shall immediately notify the Corporation of any loss, destruction, theft or mutilation of the certificate representing such shares, and the Corporation may issue a new certificate to replace the certificate alleged to have been lost, destroyed, stolen or mutilated. The Board may, in its discretion, as a condition to the issue of any such new certificate, require the owner of the lost, destroyed, stolen or mutilated certificate, or his legal representatives, to make proof satisfactory to the Board of such loss, destruction, theft or mutilation and to advertise such fact in such manner as the Board may require, and to give the Corporation and its transfer agents and registrars, or such of them as the Board may require, a bond in such form, in such sums and with such surety or sureties as the Board may direct, to indemnify the Corporation and its transfer agents and registrars against any claim that may be made against any of them on account

of the continued existence of any such certificate so alleged to have been lost, destroyed, stolen or mutilated and against any expense in connection with such claim.

7.6 Regulations. The Board may make such rules and regulations as it may deem expedient, not inconsistent with the By-laws or with the Certificate of Incorporation, concerning the issue, transfer and registration of certificates representing shares.

7.7 Dividends, Surplus, Etc. Subject to the provisions of the Certificate of Incorporation and applicable law, the Board:

(a) May declare and pay dividends or make other distributions on the outstanding shares in such amounts and at such time or times as, in its discretion, the condition of the affairs of the Corporation shall render advisable;

(b) May use and apply, in its discretion, any of the surplus of the Corporation in purchasing or acquiring any shares of the Corporation, or purchase warrants therefor, in accordance with law, or any of its bonds, debentures, notes, scrip or other securities or evidences of indebtedness;

(c) May set aside from time to time out of such surplus or net profits such sum or sums as, in its discretion, it may think proper, as a reserve fund to meet contingencies, or for equalizing dividends or for the purpose of maintaining or increasing the property or business of the Corporation, or for any other purpose it may think conducive to the best interests of the Corporation.

7.8 Obligation to Disclose Interests in Voting Rights Attaching to Shares and Remedies for Failure to Disclose Such Interests.

(a) Each securityholder shall be under an obligation to make certain notifications in accordance with the provisions of this Section 7.8.

(b) For so long as the Corporation shall have a class of shares admitted to trading on AIM, the provisions of Chapter 5 of the Disclosure and Transparency Rules (as amended from time to time) (“DTR 5”) of the UK Financial Services Authority Handbook (the “Handbook”) shall be deemed to be incorporated by reference into these By-laws and accordingly the vote holder and issuer notification rules set out in DTR 5 shall apply to the Corporation and each securityholder. Notwithstanding the time limits for disclosure set out in DTR 5, the Corporation is required by AIM Rules For Companies from time to time in force (the “AIM Rules”) to announce via a Regulatory Information Service (as defined in the AIM Rules), all the information contained in any vote holder notification “without delay”.

(c) For the purposes of the incorporation by reference of DTR 5 into these By-laws and the application of DTR 5 to the Corporation and each securityholder, the Corporation shall (for the purposes of this Section 7.8 only) be deemed to be an “issuer”, as such term is defined in DTR 5 (and not, for the avoidance of doubt, a “non-UK issuer”, as such term is defined in DTR 5).

(d) For the purposes of this Section 7.8 only, defined terms in DTR 5 shall bear the meaning set out in DTR 5, and if the meaning of a defined term is not set out in DTR 5, the defined term shall bear the meaning set out in the Glossary to the Handbook (in such case, read as the definition applicable to DTR 5).

(e) In addition to the obligations set out in Sections 7.8(a) to 7.8(d) (inclusive) the Corporation may, by issuing a notice in writing in such form as the Board may from time to time approve (a “Disclosure Notice”), require a registered securityholder to disclose the nature of his interest in a relevant shareholding in the Corporation in accordance with this Section 7.8.

(f) The Corporation may issue a Disclosure Notice to any securityholder at any time and the securityholder shall be obliged to respond in writing confirming such details as the Disclosure Notice requires within fourteen (14) days of receipt of the Disclosure Notice.

(g) A securityholder who holds less than one quarter of one per cent (0.25%) of the issued shares of any particular class is obliged to disclose to the Corporation by virtue of a Disclosure Notice:

- (1) whether such shareholding is held legally and beneficially by that securityholder, without any residual or equitable interest or encumbrance or other third party interest in such shareholding of any sort; and
 - (2) if such securityholder does not hold its shareholding legally and beneficially for itself only, in what capacity it holds it (for example, whether as trustee, nominee or otherwise); and
 - (3) the class of persons for whom or on whose behalf he ultimately holds it or which otherwise has the ultimate interest or interests in such shareholding including, but not limited to whether or not such interest is held on behalf of a family trust, individual holding or investment company, trading company or otherwise, but nothing in this Section 7.9(g) shall oblige the registered securityholder to disclose the actual identity of such persons.
- (h) A securityholder who holds one quarter of one per cent (0.25%) or more of the issued shares is obliged pursuant to a Disclosure Notice to disclose:
- (1) the matters required by Section 7.8(g)(1);
 - (2) if such securityholder does not hold the relevant shareholding legally and beneficially for itself only pursuant to Section 7.8(g)(1), the capacity in which it holds the relevant shares; and
 - (3) the identity or identities of all persons or entities for whom or on whose behalf the relevant shares are ultimately held or the persons or entities which hold the ultimate beneficial interest or have a beneficial interest in the shares or which ultimately influence or control the holding of the shares to the extent these are known by him.
- (i) In this Section 7.8, references to the ultimate holding or to persons or entities on whose behalf the relevant shares are ultimately held require disclosure of the person or persons or entities which ultimately control, benefit or have an interest in the shares such that the Board may reasonably determine the identity of the person or persons or entities which have an indirect interest in the relevant shares and the nature of that shareholding and a registered securityholder will not comply with the provisions of this Section 7.8 by virtue of disclosing the legal entities or persons through whom the relevant shares are held without also disclosing the actual identity of the relevant person or persons or entities for whom the relevant shares are ultimately held.
- (j) Nothing in this Section 7.8 will require a registered securityholder to disclose the specific structure or order of the persons or entities behind a relevant shareholding except to the extent that such arrangements have an impact on who the ultimate beneficiaries, controllers or parties able to exercise influence over the relevant shares in accordance with Section 7.8(h)(3) are.
- (k) In the event that a registered securityholder fails to make the appropriate disclosures in accordance with this Section 7.8, the Board may avail itself of all remedies permissible under both the General Corporation Law and the AIM Rules.

ARTICLE 8

INDEMNIFICATION

8.1 Indemnification of Directors and Officers. The Corporation shall, to the fullest extent now or hereafter permitted by the General Corporation Law, indemnify any director or officer who is or was made, or threatened to be made, a party to an action, suit or proceeding including, without limitation, an action by or in the right of the Corporation to procure a judgment in its favor, whether civil or criminal, whether involving any actual or alleged breach of duty, neglect or error, any accountability, or any actual or alleged misstatement, misleading statement or other act or omission and whether brought or threatened in any court or administrative or legislative body or agency, including an action by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer of the Corporation is serving or served in any capacity at the request of the Corporation, by reason of the fact that he, his

testator or intestate, is or was a director or officer of the Corporation, or is serving or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, amounts paid in settlement, and costs, charges and expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of such action, suit or proceeding or any appeal therein; provided, however, that no indemnification shall be provided to any such director or officer if a judgment or other final adjudication adverse to the director or officer establishes that (i) his acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (ii) he personally gained in fact a financial profit or other advantage to which he was not legally entitled. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions. The foregoing provisions of this Section 8.1 shall be deemed to be a contract between the Corporation and each director and officer who serves in such capacity at any time while this Article 8 and the relevant provisions of the General Corporation Law and other applicable law, if any, are in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.

8.2 Indemnification of Other Persons. The Corporation may indemnify any other person (including, without limitation, corporate personnel other than directors or officers) to the extent permitted by and in accordance with the General Corporation Law and any applicable law, as the same may be amended from time to time and pursuant to (i) a resolution of stockholders, (ii) a resolution of directors, or (iii) an agreement providing for such indemnification, it being expressly intended that these By-laws authorize the creation of other rights in any such manner.

8.3 Advancement of Expenses. The Corporation shall, from time to time, reimburse or advance to any person referred to in Section 8.1, and may reimburse or advance to any person referred to in Section 8.2, the funds necessary for payment of expenses, including attorneys' fees, incurred in connection with any action or proceeding referred to in Sections 8.1 and 8.2, upon receipt of a written undertaking by or on behalf of such person to repay such amount(s) if a judgment or other final adjudication adverse to the director, officer or other person establishes that (i) his acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (ii) he personally gained in fact a financial profit or other advantage to which he was not legally entitled.

8.4 Insurance. The Board in its discretion shall have the power to purchase and maintain insurance in accordance with, and subject to, the provisions of Section 145 General Corporation Law.

8.5 Amendment, Modification or Repeal. This Article 8 may be amended, modified or repealed either by action of the Board of Directors of the Corporation or by the vote of the stockholders. Any repeal or modification of the foregoing provisions of this Article 8 shall not adversely affect any right or protection of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE 9

NOTICE

9.1 Form and Delivery. Except as otherwise specifically required in these By-laws (including, without limitation, Section 9.2 below) or by law, all notices required to be given pursuant to these By-laws shall be in writing and may, (a) in every instance in connection with any delivery to a member of the Board, be effectively given by hand delivery (including use of a delivery service), by depositing such notice in the mail, postage prepaid, or by sending such notice by prepaid telegram, cablegram, overnight express courier, facsimile, electronic mail or other form of electronic transmission and (b) be effectively be delivered to a stockholder when given by hand delivery, by depositing such notice in the mail, postage prepaid or, if specifically consented to by the stockholder as described in Section 9.2 of this Article 9 by sending such notice by telegram, cablegram, facsimile, electronic mail or other form of electronic transmission. Any such notice shall be addressed to the person to whom notice is to be

given at such person's address as it appears on the records of the Corporation. The notice shall be deemed given (a) in the case of hand delivery, when received by the person to whom notice is to be given or by any person accepting such notice on behalf of such person, (b) in the case of delivery by mail, upon deposit in the mail, (c) in the case of delivery by overnight express courier, when dispatched, and (d) in the case of delivery via telegram, cablegram, facsimile, electronic mail or other form of electronic transmission, when dispatched.

9.2 Electronic Transmission. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the General Corporation Law, the Certificate of Incorporation, or these By-laws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given in accordance with Section 232 of the General Corporation Law. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if (a) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent and (b) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; *provided, however*, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to this Section 9.2 shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of such posting and the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder.

ARTICLE 10

MISCELLANEOUS

10.1 Corporate Seal. The Board may adopt a corporate seal which shall be in the form of a circle and shall bear the full name of the Corporation and the year of its incorporation.

10.2 Fiscal Year. The fiscal year of the Corporation shall be determined, and may be changed, by resolution of the Board.

10.3 Reliance Upon Books and Records. A member of the Board, or a member of any committee designated by the Board shall, in the performance of such person's duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

10.4 Certificate of Incorporation Governs. In the event of any conflict between the provisions of the Corporation's Certificate of Incorporation and Bylaws, the provisions of the Certificate of Incorporation shall govern.

10.5 Voting of Shares Held by the Corporation. Unless otherwise provided by resolution of the Board, the Chief Executive Officer may, from time to time, appoint one or more attorneys or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as a shareholder or otherwise in any other corporation, any of whose shares or securities may be held by the Corporation, at meetings of the holders of the shares or other securities of such other corporation, and to consent in writing to any action, by any such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed on behalf of the Corporation and under its corporate seal, or otherwise, such written proxies, consents, waivers or other instruments as he may deem necessary or proper in the premises; or the President may himself attend any meeting of the holders of the shares or other securities of any such other corporation and thereat vote or exercise any or all other powers of the Corporation as the holder of such shares or other securities of such other corporation.

ARTICLE 11

AMENDMENTS

The By-laws may be altered, amended, supplemented or repealed, or new By-laws may be adopted, by vote of the holders of a majority of the shares entitled to vote in the election of directors. Except as may be otherwise provided in a By-law adopted by the shareholders, the By-laws may be altered, amended, supplemented or repealed, or new By-laws may be adopted, by the Board. If any By-law regulating an impending election of directors is adopted, altered, amended, supplemented or repealed by the Board, such By-law shall be set forth in the notice of the next meeting of shareholders for election of directors, together with a concise statement of the changes made. Any By-laws adopted, altered, amended, or supplemented by the Board may be altered, amended, supplemented or repealed by the shareholders entitled to vote thereon.