

Registration No

LP 3460

Form No. L.P.5

(Registration fee £2)

(Capital duty also payable)

LIMITED PARTNERSHIPS ACT 1907

Application for Registration of a Limited Partnership and Statement of particulars
and of the amounts contributed (in cash or otherwise) by the Limited Partners

(Pursuant to Section 8 of the Limited Partnerships Act 1907 and Section 47 of the Finance Act 1973)

Name of firm or partnership THE ITALIAN VENTURE FUND LP4

We, the undersigned, being the partners of the above-named firm, hereby apply for registration as a limited partnership and for that purpose supply the following particulars:

The general nature of the business is to make directly or indirectly equity and near equity investments in a diversified portfolio of leveraged buy-outs and venture capital investments principally in Italy.

The principal place of business
20 Southampton Street,
London WC2E 7QG

The term, if any, for which the partnership is entered into
shall commence on the date of
this application and shall

If no definite term, the conditions of existence of the partnership
continue until the earlier of
30th July, 1998 or dissolution prior to 30th July, 1998 provided
that upon the recommendation of the General Partner and the consent
of 75 per cent of the Limited Partners it may be extended for a
period not exceeding three years.

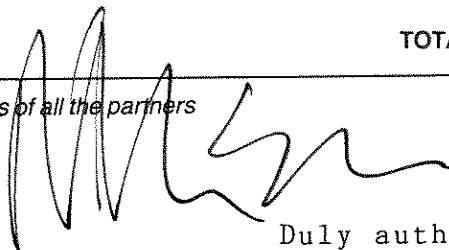
Date of commencement is the date of this application

The partnership is limited and the full name and address of each of the partners are as follows:

General partners
Schroder Ventures Limited,
120 Cheapside,
London EC2V 6DS

Limited partners	Amounts Contributed (1)	Capital duty payable (2)
See attached Schedule	See attached Schedule	N/A
TOTAL		

Signatures of all the partners



Date

15/7/88

Duly authorised attorney

Presented by:

Slaughter and May
35 Basinghall Street
London EC2V 5DB

Presentor's reference:

DTF/PTBV

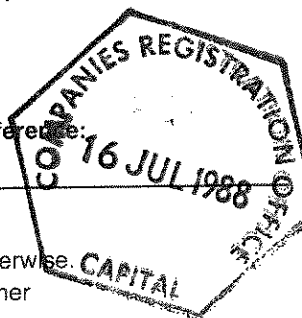
Notes

- State amount contributed by each limited partner, and whether paid in cash, or how otherwise.
- The capital duty is £1 per every £100, or part of £100, contributed by each Limited Partner



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CERTIFICATE OF REGISTRATION OF A LIMITED PARTNERSHIP

No. 3460

I hereby certify that the firm

THE ITALIAN VENTURE FUND LP4

having lodged a statement of particulars pursuant to section 8 of the Limited Partnerships Act, 1907, is this day registered as a limited partnership.

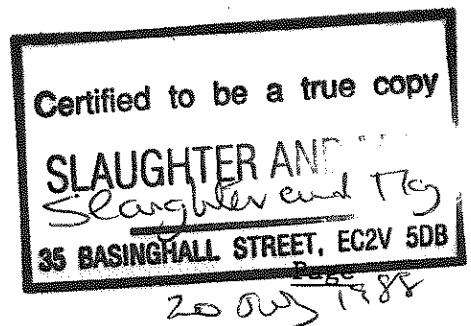
Given under my hand at Cardiff the 1ST AUGUST 1988

A handwritten signature in dark ink, appearing to read 'T.G. Thomas', written over a horizontal line.

T.G. THOMAS

Assistant Registrar of Limited Partnerships

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THE ITALIAN VENTURE FUND LP4

LIMITED PARTNERSHIP AGREEMENT

THIS AGREEMENT is made the 15th day of July, 1988 BETWEEN SCHRODER VENTURES LIMITED as General Partner, those parties who shall be admitted from time to time as Special Limited Partners and those parties who shall be admitted from time to time as Limited Partners as herein provided.

WHEREAS the Partners (as defined below) have agreed to form a limited partnership under the Limited Partnership Act 1907 on and subject to the conditions set out herein.

IT IS HEREBY AGREED as follows:-

ARTICLE ONE

Defined Terms

1.1 Defined Terms. The defined terms used in this Agreement shall, unless the context otherwise requires, have the meanings specified in this Article.

"Acquisition Cost" shall mean the cost of acquisition of any Venture Capital Interest together with any expenses related to such acquisition.

"Act" shall mean the Limited Partnership Act 1907 or any statute or statutory provision which amends or replaces the same (including any subordinated legislation made thereunder).

"Agreement" shall mean this Limited Partnership Agreement, as originally executed and as amended from time to time, as the context so permits.

"Auditors" shall mean Coopers & Lybrand, Plumtree Court, London EC4A 4HT, London, Chartered Accountants, or such other firm of independent chartered accountants of international standing as the General Partner may from time to time appoint with the consent of a majority in Interest of the Partners as provided in paragraph 5.1.1(f).

"Capital Account" when used in respect of any Partner shall mean the Capital Contribution actually made by such Partner to the Partnership, increased by the amount of all income and gains credited to the Capital Account of such Partner pursuant to paragraph 4.1, and decreased by the sum of (a) all amounts of cash and assets distributed to such Partner pursuant to Article Four (to the extent that such distributions do not represent repayment of Loans) and (b) the amount of all losses charged to the Capital Account of such Partner pursuant to paragraph 4.1.

"Capital Contributions" shall mean the capital contributions (but not Loans) committed or actually made (as the context requires) to the Partnership pursuant to Article Three by the Partners or, as the context requires, by any class of Partners or, when such term is used in the singular, by any one Partner (or, in all cases, by the predecessor holders of the Interests of such Partners or Partner).

"Capital Payment" shall mean any payment to the Partners pursuant to paragraphs 4.3, 4.5 and 4.6.

"Co-Investment Agreement" shall mean any co-investment agreement entered into by the General Partner pursuant to paragraph 5.1.1(o) hereof with any Co-Investors relating to the co-investment by any Co-Investors in Venture Capital Investments.

"Co-Investors" shall mean the persons other than the Partnership who are parties to a Co-Investment Agreement (if any).

"Consent" shall mean the consent of a Person, given as provided in paragraph 11.1, to do the act or thing for which the consent is solicited, or the act of granting such consent, as the context may require. Reference to the Consent of a majority or specified percentage in Interest of the Limited Partners shall mean, respectively, the Consent of Limited Partners whose aggregate Interests in the Partnership represent more than 50 per cent. or not less than the specified percentage, as the case may be, of the aggregate Interests in the Partnership of all Limited Partners, provided that the Special Limited Partners shall not be entitled to participate in any consent of the Limited Partners and the Interest of the Special Limited Partners shall not be counted in any computations required in any such Consent. Save in the case of a Consent which the General Partner shall certify in writing in its opinion provides only for such modification, alteration or addition to this Agreement as shall in no way affect the ability of the General Partner to comply with the terms of any Co-Investment Agreement or Parallel Investment Agreement or otherwise affect the interests of the partners of a Parallel Partnership (if any), the Co-Investors (if any) or the Limited Partners (other than a consent given for the purposes of Article seven), no such Consent shall be effective for any purpose unless and until a resolution or consent of the partners of each Parallel Partnership (if any) in equivalent terms and having equivalent effect shall, in the case of a resolution, have been passed by an equivalent majority of the votes cast thereon at a meeting of the partners of the relevant Parallel Partnership duly convened and held or, in the case of a consent, given in writing by holders of an equivalent percentage of the partners of the relevant Parallel Partnership.

"Fair Market Value" shall mean the value of Partnership Assets and, when the reference so requires, of Venture Capital Interests, as determined by the General Partner (after consultation with the Auditors).

"Financial Year" shall mean the financial year commencing on 1st July of each year and ending on 30th June of each year or, in the case of the first and the last financial years, the fraction thereof which

commences on the date on which the Partnership is formed under the Act (in the case of the first financial year) or which ends on the date on which the winding up of the Partnership is completed (in the case of the last financial year).

"General Partner" shall mean Schroder Ventures Limited or any other Person who becomes the successor General Partner of the Partnership as provided herein, in all cases in such Person's capacity as the General Partner of the Partnership.

"Incapacity" shall mean, as to any Person, the adjudication of bankruptcy, incompetence or insanity, or the death, dissolution or termination (other than by merger or consolidation), as the case may be, of such Person.

"Index" shall mean the latest published Consumer Price Index (ISTAT) published in Italy, or such other similar index as the General Partner shall determine shall represent a fair and reasonable reflection of the rate of inflation prevailing in Italy at any relevant time.

"Interest" shall mean (i) the amount of the Capital Contribution actually paid by each Special Limited Partner (as set out in Schedule B) or (ii) the Capital Contribution of Lire 2 million and a Loan of Lire 198 million to be paid or advanced by each Limited Partner (as set out in Schedule C), and the corresponding interest in the Partnership Assets of such Partners and all rights and benefits to which each Partner may be entitled as provided in this Agreement, together with the obligation of such Partner to comply with all the terms and provisions of this Agreement; provided, however, for purposes of Consent, Interest shall not include the Interest of the Special Limited Partners.

"Investee Company" shall mean any company or other entity in which Partnership Assets have been invested.

"Limited Partners" shall mean the Limited Partners listed in Schedule C, any Person admitted to the Partnership as a Limited Partner as provided in this Agreement, and any Limited Partner included by way of addition or substitution pursuant to paragraphs 8.2 and 8.3, in all cases in such Person's capacity as a limited partner of the Partnership.

"Liquidity Funds" shall have the meaning set forth in paragraph 3.3.1 hereof.

"Lire" shall mean the lawful currency of Italy.

"Loans" shall mean the loans committed or actually made (as the context requires) to the Partnership pursuant to Article Three by Partners, any class of Partners or any one Partner, as the context requires (or, in all cases, by the predecessor holders of the Interests or such Partner or Partners).

"Operating Profit" for a Financial Year shall mean the aggregate cash receipts of the Partnership for such Financial Year (excluding

receipts arising from the sale, realisation or other disposition of Venture Capital Interests or liquidating dividends or other like distributions on Venture Capital Interests) other than receipts in respect of Capital Contributions and Loans, reduced by appropriations to reserves which the General Partner may deem reasonably necessary for the discharge of the liabilities and obligations of the Partnership.

"Operating Profit Distribution" shall mean any distribution of Operating Profit to the Partners pursuant to paragraphs 4.2, 4.4 and 4.6.

"Parallel Investment Agreement" shall mean any parallel investment agreement entered into by the Partnership and/or the General Partner pursuant to paragraph 5.1.1(o) hereof with any Parallel Partnership relating to the investment in parallel by any Parallel Partnership in Venture Capital Interests.

"Parallel Partnership" means any partnership or other entity other than the Partnership which is a party to a Parallel Investment Agreement.

"Partners" shall mean the General Partner, the Special Limited Partners and the Limited Partners, collectively, unless otherwise indicated.

"Partnership" shall mean the limited partnership created hereby, as such limited partnership may from time to time be constituted.

"Partnership Expenses" shall mean the expenses of the Partnership described in Article Five.

"Partnership Assets" shall mean all the cash, assets and other property for the time being held or deemed to be held by or for the account of the Partnership including for the avoidance of doubt uncalled instalments (if any) of the Loans.

"Person" shall mean any individual, partnership, corporation, unincorporated organisation or association, trust or other entity.

"Preferential Drawing Right" shall have the meaning ascribed in paragraph 4.1 hereof.

"Private Placing Memorandum" shall mean the private placing memorandum dated 6th June, 1988 prepared by J. Henry Schroder Wagg & Co. Limited relating to the placing of Interests.

"Realised Venture Capital Interest" shall mean any Venture Capital Interest which shall have been sold, redeemed or otherwise disposed of (including by way of writing down pursuant to paragraph 4.6 for the account of the Partnership).

"Short Term Investments" shall mean monies retained, directly or indirectly, pending investment in Venture Capital Interests or pending distributions to Partners, in cash or on deposit account or in the form of high quality money market instruments or short term

paper, which where practicable will not be subject to withholding of tax at source or upon receipt and payment out by the General Partner.

"Special Limited Partners" shall mean Schroder International Trust Company Limited and Schroder Ventures Limited and/or any other Person who becomes a successor to the Interests of any Special Limited Partner as provided herein, in all cases in such Person's capacity as a Special Limited Partner in the Partnership.

"Special Partners" shall mean the Limited Partners and the Special Limited Partners, collectively, unless otherwise indicated.

"Sponsor" shall mean J. Henry Schroder Wagg & Co. Limited.

"Substituted Special Partner" shall mean any Person admitted to the Partnership as a Special Partner pursuant to the provisions of Article Eight.

"Takedown Notice" shall mean any notice given by the General Partner to the Limited Partners calling for the making of Loans as provided in paragraph 3.3.1.

"Transfer" shall mean any sale, exchange, transfer, assignment or other disposition by a Special Partner of all or any fraction of its Interest in the Partnership as permitted pursuant to the terms of Article Eight.

"Venture Capital Interests" shall mean investment interests of the type referred to in paragraphs 2.4 and 2.5 and any other securities into which the same may be converted pursuant to paragraph 5.1.1(b).

ARTICLE TWO

Organisation

2.1 Formation. The parties hereby form a limited partnership pursuant to the provisions of the Act. The rights and liabilities of the Partners shall be as provided in the Act, except as herein otherwise expressly provided (to the extent permitted by the Act). At no time during the term of the Partnership shall the number of parties forming this limited partnership exceed 20 persons.

2.2 Name. The name of the Partnership shall be "THE ITALIAN VENTURE FUND LP4".

2.3 Place of Business and Office. The Partnership shall maintain its registered office and principal office at 20 Southampton Street, London WC2E 7QG or such other place as the General Partner shall determine. Notice of any change of such registered or principal office shall be given to all Partners on or before the date of any such change.

2.4 Purpose. The principal purpose of the Partnership is to make directly or indirectly equity and near equity investments with the Capital Contributions and Loans paid to, and collected by, the Partnership in the United Kingdom by the Partners in a diversified

portfolio of leveraged buy-outs and venture capital investments principally in Italy (which shall include, without limitation, the acquisition of shares, stocks, loan stocks, bonds, options, warrants, debentures, partnership interests, joint ventures and any other form of security, investment or instrument).

2.5 Investment of Funds. All investments in Venture Capital Interests shall be subject to the investment objectives set forth in the Private Placing Memorandum and be made or acquired for the account of the Partnership on the basis and pursuant to the terms of this Agreement. Pending investment in Venture Capital Interests or cash distributions to the Partners, all or any cash contributed by Limited Partners may be invested in Short Term Investments; PROVIDED ALWAYS THAT neither the investment objectives referred to herein nor this paragraph itself shall be amended or altered without the Consent of 75 per cent. in Interest of the Limited Partners hereof.

2.6 Term. The term of the Partnership shall commence on the date on which the particulars required to be filed with the Companies Registration Office of England and Wales under the Act are so filed and shall continue in full force and effect until the earlier of (a) 30th June, 1998 or (b) dissolution prior to 30th June, 1998, pursuant to the provisions hereof, provided always that at any time prior to 30th June, 1998 the term of the Partnership may on the recommendation of the General Partner and with the Consent of 75 per cent. in Interest of the Limited Partners be extended by a period not exceeding three years to permit the orderly realisation of investments. Any such extension shall have effect on the 30th June, 1998 and shall be irrevocable.

2.7 Qualification in Other Jurisdictions. The General Partner shall cause the Partnership to be qualified, formed, reformed or registered under foreign limited partnership statutes or similar laws in any jurisdiction in which the Partnership owns property or transacts business if such qualification, formation, reformation or registration is necessary in order to protect the limited liability of the Special Partners or to permit the Partnership lawfully to own property or transact business in such jurisdiction, and shall cause the Partnership not to transact business in any such jurisdiction until it is so qualified, formed, reformed or registered. The General Partner shall execute, file and publish all such certificates, notices, statements or other instruments necessary to permit the Partnership to conduct business as a limited partnership in all jurisdictions where the Partnership elects to do business and to maintain the limited liability of the Special Partners. The Partnership shall not carry on any activities or make any investments in jurisdictions where, and so long as, the limited liability of the Special Partners is not recognised.

ARTICLE THREE

Partners and Capital

3.1 General Partner and Special Limited Partners.

3.1.1 The General Partner shall be Schroder Ventures Limited or

any other Person who becomes the successor General Partner as provided herein. The name and address of the General Partner are set out in Schedule A hereto.

3.1.2 The Special Limited Partners, the addresses of each of the Special Limited Partners and their Capital Contributions are set out in Schedule B hereto.

3.1.3 Neither the General Partner nor any Special Limited Partner, in their capacities as such, shall be required to lend any funds or to make any additional Capital Contributions to the Partnership; provided, however, that if the General Partner or a Special Limited Partner or any Person associated with either lends funds to the Partnership in any capacity other than as the General Partner or a Special Limited Partner, the terms of such lending must be as favourable to the Partnership as the terms that could have been obtained at the time of such lending from a Person that was not the General Partner or a Special Limited Partner or a Person associated with either.

3.2 Limited Partners.

3.2.1 The names and addresses of the Limited Partners are set out in Schedule C hereto. The Capital Contributions and the maximum aggregate amount of the Loans of each of the Limited Partners are also set out in Schedule C.

3.2.2 Other than in respect of Loans, no Limited Partner, in its capacity as such, shall be required to lend any funds to the Partnership or to make any additional Capital Contributions to the Partnership; provided, however, that if any Limited Partner lends funds (other than Loans) to the Partnership, the terms of such lending must be as favourable to the Partnership as the terms that could have been obtained at the time of such lending from a Person that was not such Limited Partner.

3.2.3 The Special Partners shall not participate or take part in the control or management of the Partnership business and shall have no right or authority to act for or bind the Partnership.

3.2.4 Unless named in this Agreement, or unless admitted to the Partnership as the General Partner, a Special Partner or a Substituted Special Partner, as provided in Articles Five and Eight of this Agreement, no Person shall be considered a Partner. The Partnership and the General Partner need deal only with Persons so named or admitted as Partners. They shall not be required to deal with any other Person merely because of an assignment or transfer of an Interest to such Person or as a result of an assignment thereof or a transfer thereof by reason of the Incapacity of a Partner. Any distribution by the Partnership to the Person shown on any Partnership records as a Partner or to its legal representatives, or to the assignee of the right to receive Partnership distributions as provided herein, shall acquit the Partnership and the General Partner of all liability to any other Person who may be interested in such distribution by reason of any other assignment by the Partner or by reason of his Incapacity, or for any other reason.

3.2.5 The General Partner may also be a Special Partner of the Partnership, upon acquiring the Interest of a Limited Partner; provided, however, that the General Partner shall not be entitled to participate in any Consent of the Limited Partners, and the Interest of the General Partner as a Limited Partner shall not be counted in any computations required in any such Consent. Where the General Partner is also a Special Partner, all references to the Special Partners shall include the General Partner but only in its capacity as a Special Partner and shall be without prejudice to the liabilities and obligations of the General Partner as the General Partner of the Partnership.

3.3 Partnership Capital and Loans.

3.3.1 Upon their admission to the Partnership (upon the formation of the Partnership), the Special Limited Partners shall contribute all of their Capital Contribution to the Partnership and, upon each of their respective admissions to the Partnership, each of the Limited Partners shall contribute to the Partnership all of their respective Capital Contributions and shall advance the first instalment (being 9/99 thereof) of their respective Loans by remitting such amounts to the General Partner. Each Limited Partner shall contribute all or a portion of the remainder of its Loan from time to time, in an amount which shall not exceed 25 per cent. of the aggregate amount of the Capital Contribution and Loans (both committed and made) of the relevant Limited Partner and on the date specified by the General Partner in a written notice to such Limited Partners requesting the same (a "Takedown Notice"), such amount also to be remitted to the General Partner; provided that the date specified for the payment of the amount requested in any Takedown Notice under (i) or (ii) below shall not be less than thirty days, and that the date specified for the payment of the amount requested in any Takedown Notice under (iii) below shall not be less than seven days, in either case after the giving of such Takedown Notice in accordance with the provision of paragraph 15.1 hereof. Each Takedown Notice shall state that the relevant amount is required (i) in connection with a purchase of a Venture Capital Interest, (ii) in order to maintain the liquidity of the Partnership or, as the case may be, the combined liquidity of the Partnership and the Co-Investors (if any), at an amount which shall not exceed 25 per cent. of the Capital Contributions and Loans committed or paid to the Partnership or, as the case may be, the Partnership and the Co-Investors (the "Liquidity Funds") or (iii) to fund the shortfall caused by the default of a Limited Partner or a Co-Investor (if any) to contribute part of its Capital Contribution or advance an instalment of its Loan hereunder or, as the case may be, under the Co-Investment Agreement (if any) (the "Defaulting Investor"). In such circumstance, the payment to be made by each Limited Partner (other than any such Partner who would be a Defaulting Investor) shall be equal to such percentage of the Shortfall that his Capital Contribution and Loan bears to the difference between (a) the aggregate of (i) the Capital Contributions and Loans of the Limited Partners and, if relevant, (ii) the sums committed by Co-Investors under a Co-Investment Agreement and (b) any amount committed by the Defaulting Investor (and any Defaulting Investors prior thereto, if any) to the Partnership or directly under a Co-Investment Agreement

(if any), as the case may be. No Limited Partner shall be required to advance any further instalment of its Loan after 30th June, 1992 and any Takedown Notice requiring such advance will be void and of no effect. All sums payable in accordance with a Takedown Notice will be paid in Lire.

3.3.2 No Partner shall be paid interest by the Partnership or by the General Partner on or in respect of any Capital Contributions or Loans to the Partnership or on such Partner's Capital Account, except as specifically provided in paragraph 4.6 with respect to Short-Term Investments.

3.3.3 No Partner shall have any right to demand the return of its Capital Contribution other than upon dissolution of the Partnership pursuant to Article Nine. Loans shall be repaid solely in accordance with the provisions of Paragraph 4.3 and no Partner shall have the right to demand the repayment of its Loans except in accordance with the terms thereof. The General Partner shall have no personal liability to the Special Partners for the return of the Capital Contributions and, in the case of Limited Partners, the Loans, and shall be under no obligation to distribute any amount to the Partners unless at the time of each such distribution: (1) all liabilities of the Partnership to Persons other than the Partners shall have been paid or, in the good faith determination of the General Partner, there shall remain in the Partnership property sufficient to pay such liabilities, and (2) the effect of the distribution shall not be such as to reduce the Partner's Capital Account below the amount designated as the Capital Contribution of such Partner.

3.4 Liability of the Special Partners. No Special Partner shall have any personal liability whatsoever in its capacity as a Special Partner, whether to the Partnership, to any of the other Partners or to the creditors of the Partnership, for the debts, liabilities, contracts or any other obligations of the Partnership or for any losses of the Partnership. A Special Partner shall be liable only to make its Capital Contribution and, in the case of Limited Partners, Loans and shall not be required to lend any funds to the Partnership or, after its Capital Contribution and, in the case of Limited Partners, its Loans shall have been paid in full or its obligation to make further payments with respect thereto terminated as provided in paragraph 3.3.1, to make any further Capital Contribution or Loans to the Partnership or to repay to the Partnership, any Partner or any creditor of the Partnership all or any fraction of any negative amount of such Special Partner's Capital Account or any amount repaid to the Limited Partners as a partial repayment of their Loans.

3.5 Default in Payment. In the event any Partner shall default in the payment of its Capital Contribution or any instalment of its Loan and shall fail to make such payment (together with interest on the amount outstanding, which interest shall form part of the Operating Profit of the Partnership, at such rate from time to time (as certified by the General Partner) as shall be equal to four per cent. above the base lending rate for Lire applied by the Partnership's principal bankers, from the date that payment of the amount outstanding was due up to the date of actual payment) within

seven days after notice of default shall have been given to it by General Partner or its agent such Partner shall, on the eighth day after the notice of default is given, be a defaulting Partner, and the following provisions of this paragraph 3.5 shall from the time of default apply:

- (a) such defaulting Partner shall not be entitled to make any further Capital Contributions or Loans to the Partnership (provided such defaulting Partner shall remain fully liable to the creditors of the Partnership, to the extent permitted by law, and to the General Partner, as if such default had not occurred), shall not be allocated any income or loss with respect to investments thereafter made by the Partnership, shall not be entitled to receive any further distributions from the Partnership (except as provided in this paragraph 3.5) and shall not be entitled to participate in any Consent of the Limited Partners (and the Interest of such Partner shall not be counted in determining the existence of a quorum or the giving or withholding of any Consent),
- (b) the Interest of the defaulting Partner in all Venture Capital Interests held by the Partnership at the time of such default shall be reduced by 25% and the Interests in such Venture Capital Interests of all other Partners shall be increased proportionately, and the Capital Accounts of the Partners shall be automatically adjusted, in each case to reflect the reduction and increase herein provided (but nothing herein provided shall increase the obligations of any non-defaulting Partner to make additional payments or advances to the Partnership, except that the Capital Contribution of the defaulting Partner at the time of such default shall not be so reduced, and the Capital Contribution of all other Partners shall not be so increased, if the General Partner determines, in its sole discretion, that any such reduction and increase shall be detrimental to the other Partners),
- (c) such defaulting Partner shall be entitled to receive, upon the termination of the Partnership, without interest, only an amount equal to the lesser of (i) the sum of the amount of the Capital Account of such defaulting Partner at the time of such default, adjusted as provided in subsection (b) above, (ii) the amount of any Capital Contributions and Loans actually made by such defaulting Partner at the time of such default, adjusted as provided above, less all distributions actually made by the Partnership to such defaulting Partner pursuant to paragraph 4.3, or (iii) its share, adjusted as provided above, of the value of the Venture Capital Interests held by the Partnership at the time of such default (determined at the time of disposition of such Venture Capital Interests or upon the termination of the Partnership, as the case may be); provided that, from any amount payable to such defaulting Partner pursuant to this subsection (c) there shall be deducted (and paid to the General Partner) the full amount of the Preferential

Drawing Right payable with respect to the Interest of such defaulting Partner.

Each of the Partners hereby Consents to the application to it of the remedies provided for in this paragraph 3.5 in recognition of the risk and speculative damages its default would cause the other Partners, and further agrees that the availability of such remedies shall not preclude any other remedies which may be available at law, in equity, by statute or otherwise.

3.6 Proportionality. Save as otherwise provided in Article Four and paragraph 3.1 hereof, with respect to any provision of this Agreement providing for any payments to be made by, or allocated to, the Partners or for an amount of any item to be credited or charged to the Capital Accounts of, or for an amount of any item to be distributed to, the Partners, such allocation, payment or amount shall be credited and/or distributed in proportion to the Capital Contribution made by the Partners.

ARTICLE FOUR

Allocations; Distributions

4.1 Allocations and Preferential Drawing Right.

4.1.1. Subject as provided below, all income, gains and losses of the partnership shall be allocated to the Partners and charged or credited, as the case may be, to the Capital Accounts of the Partners as provided in Article Three and in this Article Four.

4.1.2 The General Partner is entitled to a preferential drawing right whereby the General Partner may draw from the Partnership, prior to any allocation or distribution to the Special Partners in accordance with Articles Three and Four, an annual amount (the "Preferential Drawing Right") equal to two and a half (2 ½) per cent. of the aggregate Capital Contributions and Loans committed by the Limited Partners (which, for the avoidance of doubt, shall include any Loans not yet called pursuant to a Takedown Notice or any Loans made by Limited Partners and repaid to such Partners pursuant to paragraph 4.3.1), subject to a minimum of Lire 1.5 billion per annum. On 1st July, 1989 and 1st July each year thereafter the Preferential Drawing Right shall be adjusted by reference to the rate of annual change in the latest published Index. Save as aforesaid the Preferential Drawing Right shall not be increased except with the Consent of 75 per cent. in Interest of the Limited Partners. For the Financial Year beginning 1st July, 1995 and on 1st July of each of the Financial Years thereafter, the Preferential Drawing Right shall be reduced by 10 per cent. of the amount computed above, beginning on 1st July 1995 when the Preferential Drawing Right shall be reduced to 90 per cent. of the Preferential Drawing Right computed above. The Preferential Drawing Right shall be drawn in Lire.

4.1.3 The Preferential Drawing Right shall be drawn in Lire on the first of July, October, January and April and shall accrue from day to day, provided that the first drawing in respect of the Preferential Drawing Right shall be made on 15th July, 1988

in respect of the period from 1st July, 1988 to 30th September, 1988

4.1.4 The Preferential Drawing Right shall be payable out of Operating Profit or, in the event of an insufficiency of Operating Profit in any Financial Year, out of any other cash funds of the Partnership, and in the event that the Partnership is unable, for any reason, to pay any amount of the Preferential Drawing Right when due, the amount shall be drawn against the Capital Accounts of the Special Partners.

4.2 Distribution of Operating Profit. Operating Profit (if any) for each Financial Year shall be allocated to the Partners in accordance with paragraphs 4.4 and 4.6 and, subject to the other provisions of this Agreement, shall be distributed at the sole discretion of the General Partner. Operating Profit shall first be applied to the payment of Partnership Expenses as provided in paragraph 5.7.1 hereof and there may be set off against the whole or any part of the amount of any Operating Profit Distribution due to a Partner any amount due from that Partner to the Partnership under any of the provisions hereof.

4.3 Capital Payments and Distributions in Kind

4.3.1 The General Partner may, in its discretion and subject to the other provisions of this Agreement, determine that all or part of the net cash proceeds of the realisation of any Venture Capital Interest or any other cash funds from time to time comprised in the Partnership Assets (whenever realised other than cash funds comprised in Operating Profit) shall be paid to the Partners as a Capital Payment in accordance with the provisions of paragraph 4.5 within 45 days from the receipt of such net cash proceeds, provided always that the General Partner, in exercising its said discretion, shall have regard to the investment policies and other objectives of the Partnership as set out in paragraph 2.4 and without prejudice to the generality of the foregoing (i) there may be set off against the whole or any part of the amount due to any Partner pursuant to this paragraph 4.3.1 any amount or any part thereof due from that Partner to the Partnership under any of the provisions hereof; and (ii) in the event that the proceeds of the realisation of any Venture Capital Interest comprised in the Partnership Assets shall be received within six calendar months after the date of making or acquisition of the relevant investment, an amount not exceeding the Acquisition Cost thereof shall be available for reinvestment for the account of the Partnership or to the extent that such proceeds are distributed to the Partners by way of Capital Payment in accordance with the provisions of this paragraph and of paragraph 4.5 shall (to the extent that such proceeds as aforesaid do not exceed the Acquisition Cost of the relevant investment) be regarded for the purposes of paragraph 3.3.1 as instalments of the Loans not yet required by the General Partner to be paid and shall accordingly be capable of being required by the General Partner to be paid again pursuant to the provisions of paragraph 3.3.1. If the General Partner determines that all or part of the net cash proceeds of the realisation of any Venture Capital Interest or any other cash funds from time to time

comprised in the Partnership Assets shall be paid to the Partners as a Capital Payment in accordance with the provisions of paragraph 4.5, all items of income and gain attributable to such net cash proceeds shall be allocated to the Partners receiving such Capital Payment in accordance with the provisions of paragraph 4.5.

4.3.2 Where any Venture Capital Interests are listed, quoted or dealt in on a recognised stock exchange or are otherwise capable of being sold or purchased on a recognised over-the-counter or unlisted securities market in a manner which in the General Partner's view provides a suitable market for the sale by the Limited Partners of such Venture Capital Interests, the General Partner may (but is not obliged to) distribute the same in kind among the Partners in accordance with the provisions of paragraphs 4.3 and 4.5 as if an amount of cash equal to the Fair Market Value of such Venture Capital Interests were being distributed. The General Partner shall have power to make such arrangements as it thinks fit in the case of Venture Capital Interests becoming distributable in fractions, whether by the payment of balancing amounts in cash or otherwise.

4.3.3 The General Partner shall be entitled to retain, before making any Operating Profit Distribution or Capital Payment, such sum as the Partnership or the General Partner is required or entitled to pay in respect of any income or other taxes, charges or assessments whatsoever.

4.3.4 While any Loans made to the Partnership remain outstanding all amounts distributed to the Limited Partners pursuant to the provisions of this paragraph 4.3 shall be applied to the repayment of such Loans. Any amounts distributed to the Partners arising from realisations during a Financial Year pursuant to this paragraph 4.3 which are not applied to the repayment of Loans shall be deemed an advance on account to the Partner receiving such amounts pending final determination of the Partnership distributions in respect of such Financial Year.

4.4 Allocation and Distribution of Operating Profit

All Operating Profit (other than the amount of any Operating Profit arising from Short-Term Investments which shall be allocated and distributed in accordance with paragraph 4.6 below) after deduction of the proportion of expenses charged against such Operating Profit shall be allocated and distributed to and amongst the Limited Partners on the basis specified in paragraph 3.6.

4.5 Allocation of Capital Payments

4.5.1 The amounts distributed to the Limited Partners in respect of each Realised Venture Capital Interest shall, until the Limited Partners shall have received Operating Profit Distributions and Capital Payments relating to such Realised Venture Capital Interest in an amount equal to the aggregate Acquisition Cost of such Realised Venture Capital Interest together with the basic return calculated on the basis set out in paragraph 4.5.4 below, be allocated and made to and amongst the Limited Partners on the basis specified in paragraph 3.6.

4.5.2 When the aggregate value of Operating Profit Distributions and Capital Payments relating to each Realised Venture Capital Interest made to the Limited Partners shall be equal to the aggregate Acquisition Cost of such Realised Venture Capital Interest together with the Basic Return, all Capital Payments shall be distributed to and amongst the Special Limited Partners on the basis specified in paragraph 3.6.

4.5.3 When the aggregate value of Capital Payments made to the Special Limited Partners shall be equal to 20 per cent. of A minus B (where A is the aggregate amount of all Operating Profit Distributions and Capital Payments relating to the relevant Realised Venture Capital Interest made to all the Special Partners and B is the aggregate Acquisition Costs of such Realised Venture Capital Interest), all Capital Payments shall thereafter be distributed as to 80 per cent. thereof to and amongst the Limited Partners and, as to 20 per cent. thereof, to and amongst the Special Limited Partners, in each case on the basis set out in paragraph 3.6.

4.5.4 For the purposes of this Article Four the expression "Basic Return" shall mean a total return to the Limited Partners, from Operating Profit Distributions and Capital Payments relating to the relevant Realised Venture Capital Interest, accruing on a daily basis equivalent to an annual rate of return on the aggregate Acquisition Costs of such Realised Venture Capital Interest equal to 10 per cent. per annum (as conclusively determined by the General Partner) compounded annually.

4.5.5 In calculating whether or not the Basic Return has been achieved, each Operating Profit Distribution and Capital Payment shall be discounted back at the rate of the basic Return from the date when the relevant cheque or warrant is delivered or sent, or is proposed to be delivered or sent to each Limited Partner or (as the case may be) the date when the relevant distribution in kind takes effect to the date on which the relevant Venture Capital Interest was acquired for the account of the Partnership.

4.6 Further Provisions Regarding the Allocation of Operating Profit and Capital Payments

4.6.1 For the purposes of this Article Four only, the amount of Operating Profit Distributions to Partners shall be deemed not to include the amount of any Operating Profit arising from Short-Term Investments, which shall at all times be allocated and distributed as interest in proportion to the aggregate amount of the Capital Contributions and Loans actually made to the Partnership by each of the Partners and, with respect to the first such allocation and distribution, in accordance with the length of time each such Partner has actually had funds contributed or advanced to the Partnership.

4.6.2 Allocations of Operating Profit to and adjustments to the Capital Accounts of all the Partners for the Financial Year of the Partnership ending 30th June 1989 shall be appropriately adjusted in the amounts necessary to provide that all expenses (including Partnership Expenses) and the Preferential Drawing Right for the Financial Year ending 30th June, 1989 shall be borne by the Partners

as if all the Partners had made their initial Capital Contributions and advanced the first instalments of the Loans on the date of admission to the Partnership of those Limited Partners who were originally parties to this Agreement.

4.6.3 Prior to the allocation of any Operating Profit or Capital Payment the Fair Market Value of all Venture Capital Interests shall where appropriate (after consultation with the Auditors) be written down by the General Partner to an amount lower than the Acquisition Cost thereof. In such circumstances such Venture Capital Interests (if any) shall be deemed to have been realised and the proceeds of such realisation to have been distributed at the written down value on the date of such writing down in accordance with paragraphs 4.3 and 4.5, and such Venture Capital Interest shall be deemed to have been re-acquired for the account of the Partnership on such date at an Acquisition Cost equal to such written down value. Where such Fair Market Value of any Venture Capital Interest shall be written down more than once, the procedure set forth herein shall be repeated mutatis mutandis for each subsequent write-down.

4.7 Tax Accounts. In addition to the regular books and accounts maintained by the Partnership in accordance with generally accepted accounting principles, the Partnership shall maintain sets of accounts based on United Kingdom income tax principles sufficient to allow the taxable income of the Partners to be determined, to the extent necessary, for United Kingdom income tax purposes.

ARTICLE FIVE

Rights and Duties of the General Partner

5.1 Management and Administration

5.1.1 Except as otherwise expressly provided herein or by law, the General Partner is hereby vested with the full, exclusive and complete right, power and discretion to operate, manage and control the affairs of the Partnership and to make all decisions affecting Partnership affairs, as deemed proper, necessary or advisable by the General Partner to carry on the business of the Partnership as described in paragraphs 2.4 and 2.5, and the General Partner shall have all of the rights, powers and obligations of a general partner of a limited partnership under the Act and otherwise as provided by law. Without limiting the generality of the foregoing, all of the Partners hereby specifically agree and Consent that the General Partner may, on behalf of the Partnership, at any time, and without further notice to or Consent from any other Partner, do the following:

- (a) identify and make investments consistent with the purposes of the Partnership and in accordance with paragraphs 2.4 and 2.5 hereof;
- (b) sell all or any part of a Venture Capital Interest, whether for cash or other securities and on such reasonable terms as the General Partner shall determine to be appropriate;

- (c) borrow money (or guarantee the borrowing of money), up to a maximum amount not exceeding the Loans committed but not paid to the Partnership, on the credit of the Partnership in order (i) to consummate the acquisition of Venture Capital Interests or (ii) to pay any expenses of the Partnership, and in connection with any such borrowing or guarantee to make, issue, accept, endorse and execute such promissory notes, drafts, bills of exchange, guarantees or other instruments and evidences of indebtedness as may be necessary therefor, and to secure the payment thereof by mortgage, pledge or assignment of all or any part of the Partnership Assets and/or commitments for future Capital Contributions;
- (d) manage the Venture Capital Interests, including, but not limited to, the administration of investments actually made by the Partnership and the ultimate realisation of those investments and provide, or arrange for the provision of, managerial assistance to the Persons in which the Partnership holds Venture Capital Interests;
- (e) incur all expenditures permitted by this Agreement, and, to the extent that funds of the Partnership are available, pay all expenses, debts and obligations of the Partnership;
- (f) employ and dismiss from employment any and all advisers and/or consultants or other agents (provided that the General Partner may not employ or dismiss the Auditors from employment without the Consent of a majority in Interest of the Partners);
- (g) enter into, execute, amend, supplement, acknowledge and deliver any and all contracts, agreements or other instruments as the General Partner shall determine to be appropriate in furtherance of the purpose of the Partnership;
- (h) admit an assignee of all or any fraction of a Special Partner's Interest to be a Special Partner in the Partnership pursuant to and subject to the terms of paragraphs 8.2 and 8.3;
- (i) provide for the appointment of such investment manager and/or investment consultant and/or investment adviser as the General Partner may deem appropriate to procure investments for the Partnership and/or to manage or render guidance and assistance with respect to the Partnership's investments provided that the payment of any remuneration to such investment manager and/or investment consultant and/or investment adviser shall be the responsibility of the General Partner;
- (j) be responsible for providing those administrative services to the Partnership deemed necessary by the General Partner, including, without limitation, making any filings necessary on behalf of the Partnership in the United Kingdom;

- (k) enter into contracts with persons other than Special Partners under the terms of which the General Partner may assign to such persons any or all of its obligations, duties and rights hereunder provided that no such assignment shall release the General Partner from its obligations, duties and liabilities hereunder and that the fees payable to any such persons shall be paid by the General Partner;
- (l) take the necessary steps to ensure that the Liquidity Funds are invested in Short Term Investments and that such funds are released only when such monies are required in connection with the purchase of a Venture Capital Interest;
- (m) take the necessary steps to ensure that the proceeds of realisation of any Venture Capital Interest (less any amount borrowed to consummate the acquisition of such Venture Capital Interest and less any amount retained to restore the Liquidity Funds) be held by the General Partner pending distribution to the Partners in accordance with Article Four;
- (n) with the agreement of the Sponsor on or before 31st December, 1988, accept applications for admission to the Partnership from prospective Limited Partners or from any existing Limited Partner to increase the amount of its Capital Contributions and Loans and admit any such additional Limited Partners or give effect to any such increase in the amount of the Capital Contributions and Loans of any existing Limited Partner not later than 31st December, 1988, on the terms and conditions set forth in this Agreement; provided that (i) in the case of an additional Limited Partner, such Person pays the amount of the Capital Contributions and the amount of those instalments of the Loans (together in each case with interest at the base lending rate for Lire applied by the Partnership's principal bankers) which would have been paid prior to the date of admission of such additional Limited Partner were he admitted at the time the first Limited Partners were admitted or, in the case of an existing Limited Partner, the amount by which the Capital Contributions of an existing Limited Partner are increased and the amount by which those instalments (together in each case with interest at the base lending rate or Lire applied by the Partnership's principal bankers) of the Loans of an existing Limited Partner which have been paid prior to the date of such increase are increased and (ii) no application from any Person to become a Limited Partner and no application from an existing Limited Partner to increase the amount of its Capital Contributions and Loans may be accepted (A) where the total aggregate amount of the Capital Contributions and Loans (committed or paid) shall exceed Lire 95 billion or, as the case may be, shall exceed the limit of 100 billion referred to in sub-paragraph (o) below and (B) after an agreement in principle has been reached or a commitment letter has been executed with

respect to the Partnership's first investment in any Venture Capital Interest; and

- (o) enter into Co-Investment Agreements and Parallel Investment Agreements to provide for the co-investment or, as the case may be, the investment in parallel by the Partnership, any Co-Investors or, as the case may be, Parallel Partnerships in each and every Venture Capital Interest pro rata or, as the case may be, in parallel to the Partnership and for the simultaneous realisation of investments in Venture Capital Interests for the account of the Partnership and any Co-Investors and/or Parallel Partnerships and for such other matters as the General Partner shall agree with any Co-Investors and/or Parallel Partnerships, as the case may be, provided always that the aggregate of the Capital Contributions and Loans (committed and made) of the Partnership together with the amount committed to any Parallel Partnership and/or by any Co-Investors shall not exceed Lire 100 billion.

5.1.2 Third parties dealing with the Partnership may rely conclusively upon any certificate of the General Partner to the effect that it is acting on behalf of the Partnership. The signature of the General Partner shall be sufficient to bind the Partnership in every manner to any agreement or on any document including but not limited to, documents drawn, or agreements made in connection with the acquisition or disposition of any Venture Capital Interests or other properties in furtherance of the purposes of the Partnership.

5.2 Restrictions on the Authority of the General Partner
Without the Consent of 75 per cent. in Interest of the Limited Partners, the General Partner shall not have the authority (i) to admit a Person as a Partner except as provided in this Agreement, or (ii) to effect a bulk sale of the assets of the Partnership, or (iii) to elect to dissolve the Partnership, except that no Consent of the Limited Partners shall be required, and the General Partner shall have the authority to elect, to dissolve the Partnership as provided in paragraphs 9.1(i), 9.1(ii), 9.1(iii), 9.1(iv) and 9.1(vii).

5.3 Duties and Obligations of the General Partner

5.3.1 The General Partner shall use its reasonable endeavours to find opportunities for investment in Venture Capital Interests. The General Partner shall determine the amount of the Venture Capital Interest to be purchased, the terms and conditions upon which such Venture Capital Interest is to be purchased and the management thereof.

5.3.2 The General Partner shall take all action which may be necessary or appropriate for the continuation of the Partnership's valid existence as a limited partnership under the laws of England and of each other jurisdiction in which such existence is necessary to protect the limited liability of the Special Partners and to enable the Partnership to conduct the business in which it is engaged.

5.3.3 The General Partner shall at all times use its reasonable endeavours to conduct its affairs and the affairs of the Partnership in such a manner that no Special Partner will have any personal liability with respect to any Partnership liability or obligation, except as expressly assumed by any Special Partner. The General Partner shall cause all registrations or notices required under sections 5, 9 and 10 of the Act to be submitted or made in accordance with the provisions of the Act and shall indemnify and keep indemnified each of the Special Partners from and against any and all costs, expenses, claims, damages and liabilities to which they may become subject which result from the failure by the General Partner to comply with the requirements of sections 5, 9 and 10 of the Act to the extent that such costs, expenses, claims, damages and liabilities exceed the value of such Special Partner's Capital Contribution.

5.3.4 Before paying any fees or making any Capital Payments or distributions in kind in accordance with Article Four hereof, the General Partner shall reimburse any drawing made against Capital Account in respect of the Preferential Drawing Right and any money borrowed (and interest due thereon) by the Partnership to consummate the acquisition of the Venture Capital Interest to which such fees or Capital Payments or distribution in kind relate.

5.3.5 The General Partner shall prepare or cause to be prepared, and shall file on or before the due date (or any extension thereof), any tax returns required to be filed by the Partnership. The General Partner shall cause the Partnership to pay any taxes payable by the Partnership (it being understood that the expenses of preparation and filing of such tax returns, and the amounts of such taxes, are expenses of the Partnership and not of the General Partner); provided, however, that the General Partner shall not be required to cause the Partnership to pay any tax so long as either the General Partner or the Partnership is in good faith and by appropriate legal proceedings, contesting the validity, applicability or amount thereof, and such contest does not materially endanger any right or interest of the Partnership.

5.4 Exercise of Powers and Other Businesses of Partners

5.4.1 The General Partner shall devote to the Partnership, and to Persons in which the Partnership acquires or holds Venture Capital Interests, such time as shall be necessary to conduct the Partnership's business and affairs in an appropriate manner. Subject to the foregoing, any Partner and any Person associated with any Partner may engage in or possess any interest in other business ventures of any kind, nature or description, independently or with others, whether such ventures are competitive with the Partnership or otherwise.

5.4.2 Except as otherwise provided in this paragraph 5.4 and paragraph 5.8.3, neither the Partnership nor any Special Partner shall have any rights or obligations by virtue of this Agreement or the partnership relationship created hereby in or to any such independent ventures or in or to the income or profits or losses derived therefrom.

5.4.3 The Special Partners recognise and consent that the General Partner or any Person associated with the General Partner may engage in commercial banking and investment banking activities and may receive investment banking and other fees and/or annual retainers on an arms length basis from Persons in which the Partnership acquires or holds Venture Capital Interests, and, except as specifically provided herein, neither the Partnership nor any Partner shall have any interest therein by virtue of this Agreement or the partnership relation created hereby. Each of the Partners expressly agrees and acknowledges that the General Partner may act as the general partner and/or manager of any Parallel Partnership and as the manager and/or coordinator under any Co-investment Agreement and may exercise and perform all rights, discretions, authorities, duties and obligations imposed or conferred upon it thereby.

5.4.4 The General Partner may offer the opportunity to the Limited Partners to co-invest with the Partnership in any Venture Capital Interest in their individual capacities. Except as specifically provided herein, no partner shall have any interest in any securities of an issuer of Venture Capital Interests (or of a Person allocated with such issues). Each of the Partners acknowledges and agrees that, the Partnership may be a party to Co-investment Agreements and/or a Parallel Investment Agreements (if any) and that, in such capacity, the General Partner will also present investment opportunities to such Co-investor and/or Parallel Partnership (including the members thereof) (if any). Nothing in this Agreement or in any Co-investment Agreement or Parallel Investment Agreement, as the case may be, shall involve or be deemed to involve the Partnership in any pooling of resources or sharing of risks with such Co-investor and/or Parallel Partnership (including the members thereof) (if any) or in relation to any investments of such Co-investor and/or Parallel Partnership (including the members thereof) (if any).

5.4.5 Subject as provided in paragraphs 5.3 and 5.4.4, the General Partner and any Person associated with it shall each have the right to take for their own account (individually or as a trustee, partner or fiduciary), or to recommend to others, any investment opportunity; provided, however, that the General Partner shall not take for its own account (or for the account of any Person associated with it) (i) any securities of an issuer of Venture Capital Interests (or of a Person associated with such issuer) which are senior or junior to the Venture Capital Interest (or, on exercise or conversion, would be senior or junior thereto) or (ii) unless such securities are purchased on terms and conditions that are not more favourable than those applicable to the securities being purchased by the Partnership, securities identical to those being purchased by the Partnership.

5.4.6 The Limited Partners further consent that the General Partner may offer to any Limited Partner, in its individual capacity, the opportunity to invest in, or make loans to, any Person in which the Partnership acquires or holds Venture Capital Interests, and no other Partner shall have any right to participate, or any interest, therein by virtue of this Agreement or the partnership relation created hereby.

5.5 Reimbursement of Expenses

5.5.1 The General Partner shall be entitled to reimbursement from the Partnership of all amounts expended by the General Partner on behalf of the Partnership in connection with the organisation of the Partnership and the placing and issue of Interests, including, but not limited to, amounts expended for accounting, consulting, legal (including legal costs and expenses), stamp duty and capital duty, non-recoverable value added tax, registration and filing fees of any kind and mailing and courier expenses. Such amounts shall be deducted and paid to the General Partner from the payments made pursuant to the first sentence of paragraph 3.3.1.

5.6 Remuneration

The General Partner, in its capacity as such, shall not receive any salary, fees, profits, distributions or compensation from the Partnership, except as provided in Article Three and Article Four.

5.7 Allocation of Expenses

5.7.1 The General Partner shall bear or pay from its own resources all expenses incurred in connection with (i) its rent and general office overheads, including clerical, bookkeeping and administrative costs, salaries of personnel, payroll taxes and employee costs related to such salaries, telephone charges, office supplies and office equipment expenses and other like expenses, (ii) all fees and expenses payable to any investment manager and/or investment consultant and/or investment adviser and (iii) the costs of any investigation and research carried out by or on behalf of the General Partner with respect to a proposed purchase of a Venture Capital Interest (including any costs and expenses associated therewith of the type referred to in clause (b) below) in the event that such Venture Capital Interest is not ultimately acquired for the account of the Partnership. All Partnership Expenses (as defined below) shall be paid out of Operating Profit arising from Short Term Investments, to the extent funds arising therefrom are available, and thereafter from other amounts of Operating Profit or, in the event of an insufficiency of Operating Profit in any Financial Year, shall be paid out of any other cash funds of the Partnership. Partnership Expenses shall mean and include the following:-

- (a) all stamp duty, capital duty, registration fees or other similar duties and imposts payable from time to time on or in respect of this Agreement or the Partnership;
- (b) all stamp or other duties, all taxes or governmental charges (including non-recoverable value added tax), all brokerage fees, commissions, bank charges, transfer fees, registration fees, lawyers' and accountants' costs, agents', consultants', experts' and other professional fees and any other duties, charges or fees, whether in connection with the constitution of, or increase in, the Partnership assets or, except to the extent required to be paid by the General Partner pursuant to clause (ii) and

(iii) of the first sentence of this paragraph 5.7.1, sale or purchase of, or proposed sale or purchase of, Venture Capital Interests which form part of, or which it is intended may form part of, the Partnership Assets (including any investigation or research into any issuer of a Venture Capital Interest carried out by or on behalf of the General Partner in relation thereto) and which may have become or may be payable in respect of, or prior to, or upon the occasion of, the transaction or dealing, or attempted or proposed transaction or dealing, concerned, excluding any such amounts as are referred to in paragraph 5.7.1(iii) above;

- (c) all expenses incurred in the collection of Operating Profit;
- (d) all expenses incurred in relation to the registration of any Venture Capital Interests forming part of the Partnership Assets or the custody of the documents of title thereto (including bank charges, insurance of documents of title against loss in shipment, transit or otherwise, and charges made by agents of the General Partner for retaining documents in safe custody);
- (e) all taxes payable in respect of the holding of, or dealing with, Venture Capital Interests or other investments of the Partnership;
- (f) the remuneration and expenses of the Auditors and other costs incurred in connection with the preparation of the financial statements referred to in paragraph 13.2;
- (g) the costs of maintaining records and books of account in relation to the business of the Partnership referred to in paragraph 13.1;
- (h) any interest on borrowings effected pursuant to paragraph 5.1.1(c) and any expenses incurred in negotiating, entering into, effecting, maintaining, varying and terminating borrowing or loan, guarantee, security or indemnity arrangements;
- (i) all costs and expenses incurred in relation to convening and holding meetings of the Limited Partners pursuant to paragraph 11.2;
- (j) all costs and expenses of, or incidental to, the preparation of amendments to this Agreement as referred to in Article Ten;
- (k) all costs and expenses of and incidental to the preparation and dispatch to Special Partners of all cheques, warrants, reports, circulars, forms and notices and any other documents necessary or desirable in connection with the business and administration of the Partnership including

the cost of any insurance premium paid by the Partnership in connection thereto;

- (l) all costs and expenses incurred as a result of termination of the Partnership and the realisation of Venture Capital Interests and other Partnership Assets pursuant thereto;
- (m) any costs and expenses of any litigation involving the Partnership and the amount of any judgment or settlement paid in connection therewith, excluding however the costs and expenses of any litigation, judgment or settlement in which the General Partner is found to have violated the standard of conduct set forth in paragraph 5.8;
- (n) any other costs in connection with the administration of the Partnership or otherwise that may be authorised by this Agreement or approved by the Consent of a majority in Interest of the Limited Partners; and
- (o) any costs and expenses incurred in the preparation and filing of tax returns.

5.8 Exculpation; Indemnification of the General Partner by the Partnership.

5.8.1 Neither the General Partner nor any Person associated with it shall be liable, responsible or accountable in damages or otherwise to the Partnership or to any Special Partner for any loss, damage, cost, expense or liability incurred or suffered by reason of any act or omission performed or omitted by the General Partner or such Person associated with it in good faith either on behalf of the Partnership or in furtherance of the interests of the Partnership or believed to be on behalf of the Partnership or in furtherance of Partnership interests and in a manner reasonably believed by the relevant Person to be within the scope of the rights, powers, authorities or discretions conferred by or pursuant to this Agreement or by law or by the Consent of the Limited Partners provided that neither the General Partner nor such Person associated with it is or are guilty of gross negligence, wilful default or fraud with respect to such acts or omissions and that such acts or omissions do not constitute a failing to comply with the Act such that the liability of any of the Special Partners for the liabilities of the Partnership may exceed the value of the Capital Contribution made by them, and, in addition, neither the General Partner nor any Person associated with it shall be liable, responsible or accountable in damages or otherwise to the Partnership or to any Special Partner for any loss, damage, cost, expense or liability incurred or suffered by reason of any act or omission performed or omitted by any person to whom the General Partner may have delegated any part of its functions or whom the General Partner may have authorised to participate in the management or to tender professional advice or other services to any Venture Capital Interest notwithstanding the negligence or wilful default or fraud of any such Person or the fact that the delegation to or authorisation of such Person was not strictly necessary provided there is no fraud, gross negligence or wilful default on the part of the General Partner or any Person associated with it.

5.8.2. The Partnership, out of its assets and not out of the separate assets of the General Partner or any Special Partner, shall indemnify and hold harmless, to the fullest extent permitted by law, the General Partner and any Person associated with it who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceedings whether civil, criminal, administrative or investigative (including any action by or in the right of the Partnership), by reason of any acts or omissions or alleged acts or omissions arising out of such Person's activities as General Partner or as a Person associated with it, if such activities were performed in good faith either on behalf of the Partnership or in furtherance of the interests of the Partnership and do not constitute a failing to comply with the Act such that the liability of any of the Special Partners for the liabilities of the Partnership that may exceed the value of the Capital Contribution made by them, and in a manner reasonably believed by such Person to be within the scope of the authority conferred by this Agreement or by law or by the Consent of the Limited Partners against losses, damages or expenses for which such Person has not otherwise been reimbursed (including attorney's fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred by such Person in connection with such action, suit or proceedings, so long as such Person committed no act of gross negligence, misconduct or any other breach of fiduciary duty with respect to such acts or omissions and, with respect to any criminal action or proceeding, had no reasonable cause to believe and did not believe his conduct was unlawful, and provided that the satisfaction of any indemnification and any holding harmless shall be from and limited to Partnership Assets and no Special Partner shall have any personal liability on account thereof. The General Partner may consult with counsel to the Partnership and the Auditors in respect of Partnership affairs and, except in respect of matters in which there is a conflict of interest, shall be fully protected and justified in any action or inaction which is taken or omitted in good faith, in reliance upon and in accordance with the opinion or advice of such counsel or Auditors. In determining whether the General Partner or any Person associated with it acted in good faith and with the requisite degree of care, the General Partner and the Person associated with it shall be entitled to rely on reports and written statements of the directors, officers and employees of a Person in which the Partnership holds Venture Capital Interests unless the General Partner or the Person associated with it to be exculpated hereby had reason to believe that such reports or statements were not true and complete. For the purposes of this paragraph 5.8, the directors, officers and employees of a Person in which the Partnership holds Venture Capital Interests, as such, shall not be deemed to be Person associated with the General Partner.

5.8.3 The General Partner or any Person associated with it or any agent, delegate or adviser of the General Partner may receive directors' fees, advisory fees, consultancy fees or investment banking fees from Persons in which the Partnership holds Venture Capital Interests.

ARTICLE SIX

The Advisory Committee

6.1 Selection of the Advisory Committee. The General Partner shall be entitled to appoint such persons as the General Partner may select to act as an Advisory Committee in relation to the investments of the Partnership. The members of the Advisory Committee may or may not be or include Special Partners or their respective representatives or designees.

6.2 Purpose. Such Advisory Committee shall, at the request of the General Partner provide advice to the General Partner or as it may direct:-

- (i) on the investment strategy of the Partnership;
- (ii) in relation to the identification, assessment and valuation of investments to be made by the Partnership;
- (iii) in relation to the monitoring and review, and the method and timing of disposal or other realisation, of Venture Capital Interests from time to time comprised in the Partnership Assets;
- (iv) upon conflicts of interest; and
- (v) any proposed amendments to this Agreement,

Provided always that the recommendations of the Advisory Committee shall be advisory only and shall not obligate the General Partner to act in accordance therewith. Any member of the Advisory Committee may resign by giving to the General Partner and the other members of the Advisory Committee thirty days' prior written notice.

6.3 Remuneration The aggregate amount of the remuneration or reimbursement of expenses payable to the members of the Advisory Committee shall be the responsibility of the Partnership but shall be determined by the General Partner provided always that such amount, whether paid quarterly or annually, shall not exceed Lire 25 million per annum or such amount as shall not exceed the VAT registration limits set out in paragraph 1.1(a)(i) and (ii) of Schedule 1 of the Value Added Taxes Act 1983 or any statute or statutory provision which amends or replaces the same (including any subordinated legislation made thereunder).

ARTICLE SEVEN

The General Partner: Assignment and Transfer

7.1 Transfer of the General Partner's Rights and Obligations. Without the prior Consent of 75 per cent. in Interest of the Limited Partners, the General Partner shall not enter into any agreement as a result of which the rights and obligations of the General Partner under this Agreement shall be assigned or transferred to any Person,

other than a directly or indirectly wholly owned subsidiary of Schrodgers plc.

7.2 Withdrawal or Retirement of the General Partner. Without the prior Consent of 90 per cent. in Interest of the Limited Partners and subject to appointing a new General Partner to act as the General Partner of the Partnership who shall be willing to serve as such and who shall have complied with the provisions of paragraph 7.5.2, the General Partner may not resign as General Partner of the Partnership or withdraw from the Partnership or voluntarily terminate its existence.

7.3 Removal of the General Partner. The General Partner may be removed with cause or, as the case may be, where the General Partner ceases to be a directly or indirectly wholly owned subsidiary of Schrodgers plc with immediate effect upon notice from the Limited Partners or without cause by not less than twelve (12) months' notice from the Limited Partners, or their representative duly appointed for the purpose of giving such notice, with the Consent of 90 per cent. in Interest of the Limited Partners, provided that a new General Partner shall have been appointed to act as a General Partner (who shall be willing to serve as such and who shall have complied with the provisions of paragraph 7.5.2) prior to such removal.

7.4 Incapacity of the General Partner. In the event of the Incapacity of the General Partner, the Partnership shall be dissolved, subject to the provisions of paragraph 7.5.

7.5 Continuation of the Partnership.

7.5.1 In the event of the Incapacity, removal, or bankruptcy withdrawal or retirement, of the General Partner, the Partnership shall be dissolved. However, the Limited Partners may, within a period of ninety days after the occurrence of such event, elect, by the Consent of 75 per cent. in Interest of the Limited Partners, to continue the Partnership upon the same terms and conditions as are set forth in this Agreement. The Limited Partners may elect, by the Consent of 75 per cent. in Interest of the Limited Partners to form a successor partnership to continue the business of the Partnership upon the same terms and conditions as are set forth in this Agreement. In the event the election described in the second sentence of this paragraph 7.5.1 is made, each Partner, on behalf of itself and its successors, binds itself (insofar as it is in its capacity to do so) to join in signing a notice under Section 113(2) of the Income and Corporation Taxes 1988 (the "ICTA 1988") or any statutory replacement or modifications thereof for the time being in force and a majority in Interest of the Special Partners shall elect a new General Partner to serve as the General Partner of the Partnership, and such election shall be deemed to have occurred immediately prior to the occurrence of an event described in the first sentence of this paragraph 7.5.1. In the event the election described in the third sentence of this paragraph 7.5.1 is made a majority in Interest of the Special Partners shall elect a new General Partner to serve as the General Partner of the Partnership.

7.5.2 A newly appointed General Partner, if it so desires to serve, shall be required (a) to execute a counterpart of this Agreement, (b) to execute and deliver all deeds, certificates, declarations and other documents necessary or desirable to effect such transfer and (c) to enter into an agreement supplemental to this Agreement agreeing to be bound by the provisions hereof. Any Preferential Drawing Right payable in respect of the Financial Year during which any such resignation takes effect shall be apportioned between the retiring General Partner and the new General Partner according to the number of days in such Financial Year during which each acted as General Partner (and for the purposes hereof the day upon which the retiring General Partner retires and the new General Partner is appointed shall be treated as a day upon which the new General Partner acts as General Partner).

7.5.3 Upon the General Partner ceasing to be the General Partner of the Partnership as provided in this Agreement, its liability as the General Partner shall cease as provided in paragraph 7.6, and the Partnership shall promptly give notice of such cessation in accordance with the Act.

7.5.4 Upon the General Partner ceasing to be the General Partner of the Partnership as provided in this Agreement, the General Partner and Persons associated with it shall tender their resignations, and shall procure that its directors and employees shall tender their resignations, from all directorships, officerships and engagements held by them in any Person in which the Partnership then holds Venture Capital Interests.

7.5.5 Upon Schroder Ventures Limited or, as the case may be, any directly or indirectly wholly owned subsidiary of Schroders plc ceasing to be the General Partner of the Partnership as provided in this Agreement, the remaining Partners shall, if so required by it, enter into such agreement as shall be necessary or desirable to ensure that the word "Schroder" or any name or names incorporating or confusingly similar thereto shall not thereafter be used in connection with the Partnership or any successor partnership.

7.6 Liability of a Withdrawn or Removed General Partner. A General Partner which shall become incapacitated, or withdraw, be removed or retire from the Partnership, shall remain liable for obligations and liabilities incurred by it as General Partner prior to the time such Incapacity, withdrawal, retirement, removal or retirement shall have become effective, but it shall be free of any obligation or liability incurred on account of the activities of the Partnership from and after the time such Incapacity, withdrawal, removal or retirement shall have become effective.

7.7 Removal for cause If prior to 30th June, 1992 (I) the General Partner receives a notice to the effect that it is being removed for cause pursuant to paragraph 7.3 above, (II) the rights and obligations of the General Partner are not assigned or transferred to any directly or indirectly wholly owned subsidiary of

Schroders plc and (III) in connection therewith 75 per cent in Interest of the Limited Partners in good faith adopt a resolution to the effect that such removal is "with sufficient cause" then the Special Limited Partners agree to enter into such documentation as may be necessary to revise the provisions of paragraph 4.5 as follows:

1. Computations will be made without regard to (and the Special Limited Partners shall not be entitled to allocations of or to receive Capital Payments arising in respect of) Venture Capital Interests acquired subsequent to the date of the said notice that the General Partner is being removed.
2. If the effective date of such removal occurs in the Financial Year ending on the date set out in column A below, then the allocation of Capital Payments to the Special Limited Partners under paragraphs 4.5.2 and 4.5.4 shall be revised as follows. In the case of such allocations under paragraphs 4.5.2 and 4.5.4, the Special Limited Partners shall be entitled to, and shall be allocated, the percentage of the allocation to which they would have been entitled to in the absence of such removal set out in column B below.

<u>A</u>	<u>B</u>
30th June 1989	20%
30th June 1990	40%
30th June 1991	60%
30th June 1992	80%

The new General Partner appointed pursuant to paragraph 7.5.1, or its nominee, shall, with the Consent of seventy-five per cent (75%) in Interest of the Limited Partners receive a special limited partnership interest entitling it to receive allocations of Capital Payments which would have been due to the Special Limited Partners but for the provisions of this paragraph 7.7. Alternatively such Capital Payments shall be allocated to the Limited Partners for distribution pursuant to paragraph 3.6. In addition, with effect from the date of such removal, the Special Limited Partners shall not have any voting rights with respect to Consents or otherwise.

ARTICLE 8

Transferability of a Special Partner's Interest.

8.1 Transfer of a Special Partner's Interests. Any Special Partner may sell, exchange, transfer, assign or otherwise dispose of (herein collectively called a "Transfer") the whole (but not part only) of an Interest, subject (a) if required by the General Partner,

to the signing by all Partners of a notice under Section 113(2) of the ICTA 1988 or any statutory replacement or modification thereof for the time being in force and (b) to the proviso that at no time during the term of the Partnership shall the number of Partners exceed 20. The General Partner agrees to cooperate with any Special Partner making a Transfer by providing promptly such records and other factual information as may be reasonably requested with respect to any proposed Transfer. Each Special Partner hereby severally agrees that it will not transfer any Interest in the Partnership except as permitted by this Agreement.

8.1.2 In no event shall any Interest be transferred to a minor or an incompetent except in trust or by will or intestate succession.

8.1.3 The transferring Special Partner hereby agrees that it will pay all reasonable expenses, including lawyers' fees, incurred by the Partnership in connection with such Transfer.

8.1.4 Any Person which acquires an Interest of a Limited Partner shall be obligated to pay to the Partnership the appropriate portion of any amounts thereafter becoming due in respect of Loans committed to be made by its predecessor in Interest. Each Limited Partner agrees that, notwithstanding the Transfer of any Interest, as between it and the Partnership it will remain liable for Loans required to be made with respect of such Interest prior to the time, if any, when the purchaser, assignee or transferee of such Interest is admitted as a Substituted Special Partner.

8.2 Further Provisions relating to Transfers and Assignments.

8.2.1 The Partnership shall not recognise for any purpose any purported Transfer of an Interest of a Special Partner unless (a) the provisions of paragraph 8.1 shall have been complied with, (b) all necessary governmental consents shall have been received and (c) if the General Partner deems the same to be necessary, upon an amendment to this Agreement and the Partnership certificate of Limited Partnership recorded in the proper records of each jurisdiction in which such record is necessary to qualify the Partnership to conduct business or to preserve the limited liability of the Special Partners.

8.2.2 Unless and until an assignee of a Special Partner's Interest becomes a Limited Partner or a Special Limited Partner (as the case may be) pursuant to the provision of this Article Eight, such assignee shall not be entitled to give Consents with respect to such Interest but shall be entitled to all of the rights of an assignee of a Limited Partnership Interest under the Act.

8.2.3 Subject to paragraph 8.1.4, or 8.2.4, as the case may be, any Special Partner which shall Transfer all of its Interest or, as the case may be, Interests shall cease to be a Special Partner, except that, unless and until a new Limited Partner or (as the case may be) a new Special Limited Partner is admitted in its stead, such assigning Special Partner shall retain the statutory rights of the assignor of a Special Partner's Interest or, as the case may be, Interests under the Act.

8.2.4 Anything herein to the contrary notwithstanding, both the Partnership and the General Partner shall be entitled to treat the assignor of an Interest as the absolute owner thereof in all respects, and shall incur no liability for distributions made in good faith to it, until such time as a written assignment that conforms to the requirements of this Article Eight has been received by the Partnership and accepted by the General Partner.

8.2.5 A Person who is the assignee of an Interest of a Special Partner as permitted hereby but does not become a new Limited Partner or (as the case may be) a new Special Limited Partner and who desires to make a further Transfer of such Interest, shall be subject to all of the provisions of this Article Eight to the same extent and in the same manner as any Special Partner desiring to make a Transfer of its Interest.

8.3 Incapacity of a Special Partner. In the event of the Incapacity of a Special Partner the Partnership shall not be terminated, and the relevant Special Partner's trustee in bankruptcy or other legal representative shall have only the rights of a transferee of the right to receive Partnership distributions applicable to the Interest or, as the case may be, Interests of such incapacitated Special Partner as provided herein. Any such trustee in bankruptcy or other legal representative shall upon giving notice to the General Partner of such desire, producing such evidence as to his title as the General Partner thinks fit and subject to executing a notice containing the matters specified in sub-paragraphs (i), (ii) and (iii) of paragraph 8.2.1 as if such trustee in bankruptcy or other legal representative were a purchaser, transferee or assignee of such Interest or, as the case may be, Interests, be entitled to be recognised as the Special Limited Partner or, as the case may be, a Limited Partner. Any Transfer from such trustee in bankruptcy or legal representative shall be subject to the relevant provisions of this Agreement.

8.4 Transfers During a Financial Year. In the event of the Transfer of any Interest of a Special Partner at any time other than the end of a Financial Year, the distributive shares of the various items of Partnership profit, income, gain, deduction, loss, credit and allowance as computed for tax purposes shall be allocated between the transferor and the transferee in the ratio of the number of days in the Financial Year before and after the Transfer without regard to the date of any purchase or realisation of Venture Capital Interests, unless the transferor and the transferee shall (i) have given the Partnership written notice, on or before the 30th September following the Financial Year in which such Transfer occurred, stating their agreement that such allocation shall be made on some other, proper basis, and (ii) agree to reimburse the Partnership for any incremental accounting fees and other expenses incurred by the Partnership in making such allocation.

ARTICLE NINE

Dissolution, Liquidation and Termination of the Partnership

9.1 Dissolution. The Partnership shall be dissolved upon the happening of any of the following events:

- (i) the expiration of its term;
- (ii) upon at least six (6) months' prior written notice to the Limited Partners of the election to dissolve the Partnership by the General Partner if at any time the Fair Market Value of the Partnership assets, as determined by the General Partner, less the liabilities of the Partnership other than the outstanding Loans, shall be less than 10 per cent. of the committed Capital Contributions and Loans;
- (iii) upon the failure of the Limited Partners to elect to continue the Partnership as provided in this Agreement, in the event of the occurrence of an event set out in paragraph 7.5.1;
- (iv) if any law shall be passed which renders it illegal or, in the opinion of the General Partner it becomes impracticable or inadvisable to continue the Partnership;
- (v) upon the Consent of 100 per cent. in Interest of the Limited Partners;
- (vi) if within a period of three (3) months prior to the date of termination of the appointment of the General Partner, a new General Partner has not been elected unless such termination notice has in the meantime been withdrawn; and
- (vii) on or after the time when all the Loans have been advanced, upon the sale or other disposition by the Partnership of all the Venture Capital Interests it then owns.

Dissolution of the Partnership shall be effective on the day on which the event occurs giving rise to the dissolution, but the Partnership shall not terminate until the the notices required by the Act have been given and the assets of the Partnership have been distributed as provided in paragraph 9.2.

9.2 Liquidation.

9.2.1 Upon dissolution of the Partnership, any investments forming part of the Partnership Assets may be distributed in specie to the Partners subject to and in accordance with the provisions of Article Four hereof and to the extent that they are not so distributed shall be realised and the net proceeds of realisation after payment of or provision for all costs, charges and expenses and after such provision for contingent liabilities as General Partner after consulting with the Auditors may deem appropriate shall be paid

as a Capital Payment to the Partners at such time or times as the Partners shall deem convenient, subject always to the provisions of Article Four hereof.

9.2.2 On termination of the Partnership the General Partner shall take such actions (including the appointment and remuneration on such terms as it may agree of such person or persons as it may think fit for the purpose of realising the Partnership Assets and taking such other actions as may be necessary or desirable consequent upon the termination of the Partnership) as may be considered appropriate for the purpose of winding up the Partnership and for such purpose may exercise and have the benefit of all rights, powers and discretions vested in it pursuant to the provisions of this Agreement.

9.2.3 In the final Financial Year of the Partnership, income, losses and gains shall be credited or charged to the Capital Accounts of the Partners in accordance with the provisions of Articles Three and Four. If the Fair Market Value of Partnership Assets to be distributed in kind exceeds ("book gain") or is less than ("book loss") the Partnership valuation of such assets, to the extent not otherwise recognised by the Partnership, such book gain or book loss shall be taken into account in computing income, losses and gains for such Financial Year for all purposes of crediting or charging the Capital Accounts of the Partners pursuant to paragraph 4.1 and this paragraph as if such assets had been sold and the proceeds distributed pursuant to paragraph 4.3.1. Thereupon, all of the assets of the Partnership, or the proceeds therefrom, shall be distributed or used as follows and in the following order of priority:

- (i) for the payment of the debts and liabilities (other than Loans) of the Partnership, including, without limitation, the Preferential Drawing Right and the expenses of liquidation;
- (ii) to the setting up of any reserves which the General Partner or the Liquidating Trustee may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership;
- (iii) to the Limited Partners in payment of their respective Loans. If the amount available for such distribution is insufficient, then among all the Limited Partners based on each Limited Partner's proportionate share of the aggregate amount of the Loans; and
- (iv) to the Special Partners in payment of their respective Capital Accounts, as previously adjusted and taking into account the credits and charges referred to in the first sentence of this paragraph 9.2.3, . If the amount available for such distribution is insufficient then among all Special Partners based on each Special Partner's proportionate share of the aggregate capital accounts as so computed.

9.2.4 When the General Partner has complied with the foregoing liquidation plan, the Partners shall execute, acknowledge and cause to be filed an instrument evidencing the cancellation of the certificate of Limited Partnership of the Partnership.

ARTICLE TEN

Amendments

10.1 Adoption of Amendments; Limitations Thereon.

10.1.1 Save as provided in paragraphs 5.1.1(n) and 7.5.5 this Agreement is subject to amendment only with the written Consent of the General Partner and 75 per cent. in Interest of the Limited Partners; provided, however, that subject as provided above no amendment to this Agreement may:

- (i) impose an obligation on any Partner to increase the amount of the Capital Contributions or Loans required to be made by such Partner; modify the limited liability of any Special Partner; or increase the liabilities or responsibilities of, or diminish the rights or protections of, any Special Partner under this Agreement; in each case, without the Consent of each such affected Partner and provided further that no amendment which would increase the Capital Contribution or Loans required to be made by any Partner may be adopted unless all of the Partners are offered the opportunity to increase their Capital Contribution and Loans on a pro rata basis;
- (ii) alter the interest of any Partner in income, gains and losses or amend or modify any portion of paragraph 3.6 or Article Four without the Consent of the Special Limited Partners and each Partner adversely affected by such amendment or modification; provided, however, that the admission of additional Limited Partners in accordance with the terms of this Agreement shall not constitute such an alteration, amendment or modification;
- (iii) amend or modify any provision of Article Eight in a manner that would further restrict the transferability of a Special Limited Partner's Interest without the Consent of 100 per cent. in Interest of the Special Limited Partners or the transferability of a Limited Partner's Interest without the Consent of 100 per cent. in Interest of the Limited Partners;
- (iv) amend any provision hereof which requires the Consent, action or approval of a specified percentage in Interest of the Limited Partners without the Consent of such specified percentage in Interest of the Limited Partners; or
- (v) amend this paragraph 10.1.1 without the Consent of 100 per cent. in Interest of the Limited Partners; or

- (vi) affect the operation of, or the rights and obligations of any Parallel Partnership and any Co-investor under any Parallel Investment Agreement or, as the case may be, Co-investment Agreement.

10.1.2 In addition to any amendments otherwise authorised hereby, this Agreement may be amended from time to time by the General Partner (i) to add to the representations, duties or obligations of the General Partner or surrender any right or power granted to the General Partner herein; (ii) to cure any ambiguity or correct or supplement any provisions hereof which may be inconsistent with any other provision hereof, or correct any printing, stenographic or clerical errors or omissions; (iii) to withdraw or add one or more Special Partners, in accordance with the terms of this Agreement; (iv) to amend Schedule A or Schedule B or Schedule C hereto to provide any necessary information regarding any Partner; and (v) to reflect any change in the amount of the Capital Contribution and Loans of any Special Partner in accordance with the terms of this Agreement; provided, however, that no amendment shall be adopted pursuant to this paragraph 10.1.2 if (a) such amendment would alter the Interest of a Special Partner in income, gains or losses or distributions (otherwise than by reason of any amendments to the Schedule or the admission of additional Limited Partners or the increase in the amount of the Capital Contribution and Loans of a Partner) or is adverse to the Interests of the Special Partners, or (b) such amendment would, in the opinion of the legal advisers to the Partnership, alter, or result in the alteration of, the limited liability of the Special Partners or the status of the Partnership as a partnership for United Kingdom income tax purposes. The General Partner shall send to each Special Partner a copy of any amendment adopted pursuant to this paragraph 10.1.2 within 30 days of the effective date thereof.

10.1.3 Upon the adoption of any amendment to this Agreement, the amendment shall be executed by the General Partner and the Special Partners and shall be recorded at the Companies Registration Office in England and of each jurisdiction in which such a record is necessary for the Partnership to conduct business or to preserve the limited liability of the Special Partners. Any such amendment may be executed by the General Partner on behalf of the Special Partners pursuant to the power of attorney granted in paragraph 12.1.

ARTICLE ELEVEN

Consents, Voting and Meetings

11.1 Method of Giving Consent. Any Consent required by this Agreement may be given as follows:

- (i) by a written Consent given by a Limited Partner or, in the case of paragraph 10.1.1(iii), a Special Limited Partner at or prior to the doing of the act or thing for which the Consent is solicited, provided that such Consent shall not have been nullified by either (a) notice to the General Partner by such Limited Partner or, in the case of paragraph 10.1.1(iii), such Special Limited Partner at or prior to the time of, or the negative vote by such Limited

Partner or, in the case of paragraph 10.1.1(iii), such Special Limited Partner at, any meeting held to consider the doing of such act or thing, or (b) notice to the General Partner by a Limited Partner or, in the case of paragraph 10.1.1(iii), a Special Limited Partner prior to the doing of any act or thing, the doing of which has not been made the subject of an approval at such a meeting; or

- (ii) by the affirmative vote by a Limited Partner or, in the case of paragraph 10.1.1(iii), a Special Limited Partner to the doing of the act or thing for which the Consent is solicited at any meeting called and held to consider the doing of such act or thing.

11.2 Meetings. Any matter (regardless of whether such matter requires the Consent of all or any of the Limited Partners or, in the case of paragraph 10.1.1(iii), the Special Limited Partners pursuant to this Agreement) may be considered at a meeting of the Special Partners held not less than twenty-one days after notice thereof shall have been given by the General Partner to all Special Partners. Such notice (i) may be given by the General Partner, in its discretion, at any time, and (ii) shall be given by the General Partner within thirty days after receipt by the General Partner of a request for such a meeting made by 10 per cent. in Interest of the Limited Partners. If the General Partner fails or neglects to call such a meeting within fifteen days of such written request, any Limited Partner who was a party to the request may call the meeting. Any such notice shall state briefly the purpose, time and place of the meeting. All such meetings shall be held at such reasonable place outside Italy as the General Partner shall designate and during normal business hours.

11.3 Annual Information Meeting. The General Partner shall call an annual information meeting of the Special Partners in London in each year commencing 1989 to review the business of the Partnership. Not more than 15 months shall elapse between the date hereof and the first Annual Information Meeting and each Annual Information Meeting thereafter. One or more responsible officers of the General Partner shall be present at such meeting to report on the operations of the Partnership during the preceding Financial Year and to present and comment on the financial statements of the Partnership for such period. Such meeting may not be held less than 21 days after notice thereof (stating its purpose, time and place) shall have been given by the General Partner to all Special Partners.

11.4 Record Dates. The General Partner may set in advance a date for determining the Limited Partners entitled to notice of and to vote at any meeting. No record date shall be more than sixty (60) days prior to the date of the meeting to which such record date relates.

11.5 Submissions to Limited Partners The General Partner shall give all of the Limited Partners notice of any proposal or other matter required by any provision of this Agreement or by law to be submitted for the consideration and approval of the Limited Partners. Such notice shall include any information required by the relevant

provisions of this Agreement or by law. Neither the General Partner nor the Partnership shall solicit, request or negotiate for or with respect of any proposed waiver or amendment of any of the provisions of this Agreement or the Partnership's certificate of Limited Partnership or any Consent by the Limited Partners unless each Limited Partner shall be informed thereof by the General Partner or the Partnership, as the case may be, and shall be afforded the opportunity of considering the same and shall be supplied with sufficient information to enable it to make an informed decision with respect thereto. Neither the General Partner nor the Partnership shall, directly or indirectly, pay or cause to be paid any remuneration, fee or other consideration to any Limited Partner for or as an inducement to the entering into by such Limited Partner of any waiver or amendment of any of the terms and provisions of this Agreement or the giving of any Consent, unless such remuneration is concurrently paid on the same terms, in proportion to their respective Limited Partner Interests, to all the then Limited Partners.

ARTICLE TWELVE

Power of Attorney

12.1 Power of Attorney

12.1.1 Each Special Partner, by its execution hereof, hereby irrevocably makes, constitutes and appoints the General Partner as its true and lawful agent and attorney-in-fact, with full power of substitution and full power and authority in its name, place and stead, to make, execute, sign, acknowledge, swear to, record and file (i) any amendment to this Agreement which has been adopted as herein provided; (ii) all certificates and other instruments deemed advisable by the General Partner to carry out the provisions of this Agreement and any applicable law or to permit the Partnership to become or to continue as a Limited Partnership or Partnership wherein the Special Partners have limited liability in each jurisdiction where the Partnership may be doing business; (iii) all instruments that the General Partner deems appropriate to reflect a change or modification of this Agreement or the Partnership in accordance with this Agreement, including, without limitation, the admission of Special Partners by way of addition or substitution pursuant to the provisions of this Agreement; (iv) all conveyances and other instruments or papers deemed advisable by the General Partner, including, without limitation, those to effect the dissolution and termination of the Partnership and (v) all other instruments or papers which may be required or permitted by law to be filed on behalf of the Partnership.

12.1.2 The foregoing power of attorney:

- (a) shall be irrevocable and shall to the extent permitted by applicable law survive the Incapacity of any Special Partner in respect of which such power of attorney may be exercised;

- (b) may be exercised by the General Partner either by signing separately as attorney-in-fact for each Special Partner or, after listing all of the Special Limited Partners and Limited Partners executing an instrument, by a single signature of the General Partner acting as attorney-in-fact for all of them; and
- (c) shall survive the delivery of an assignment by a Special Partner of the whole or any fraction of its Interest or, as the case may be, Interests; except that, where the assignee of the whole of such Special Partner's Interest or, as the case may be, Interests has been approved by the General Partner for admission to the Partnership as a new Limited Partner or (as the case may be) a new Special Limited Partner, the power of attorney of the assignor shall survive the delivery of such assignment for the sole purpose of enabling the General Partner to execute, swear to, acknowledge and file any instrument necessary or appropriate to effect such substitution.

12.1.3 Each Special Partner shall execute and deliver to the General Partner within fifteen days after receipt of the General Partner's request therefor such further designations, powers-of-attorney and other instruments as the General Partner reasonably deems necessary to carry out the terms of this Agreement.

ARTICLE THIRTEEN

Records and Accounting; Financial Affairs; Reports

13.1 Records and Accounting.

13.1.1 Proper and complete records and books of account of the business of the Partnership, including a list of the names, addresses and Interests of the Special Partners, shall be maintained at the Partnership's registered offices and its principal place of business. Any Partner, or its duly authorised representative, shall be entitled to a copy of the list of names, addresses and Interests of the Special Partners, provided such information shall be used only for Partnership purposes. No Special Partner may visit and inspect any of the properties of the Partnership or the General Partner, examine their books of account, records, reports and other papers or make copies and extracts therefrom. Special Partners may, upon giving two weeks notice in writing to the General Partner, meet with an officer of the General Partner and discuss with such person or persons and/or with the Auditors the affairs, finances and accounts of the Partnership (and by this provision the Partnership authorises the Auditors to discuss with each Partner the finances and affairs of the Partnership). The General Partner shall use its reasonable efforts to cause each Person in which the Partnership then holds a Venture Capital Interest to afford similar rights of inspection to any Special Partner (and its duly authorised representatives) which may request to exercise such rights if the Special Partner advises the General Partner that the exercise of such rights by the Special Partner will not competitively disadvantage such Person vis a vis such Special Partner.

13.1.2 The books and records of the Partnership shall be kept in accordance with the accrual basis method of accounting and in such a way as shall permit the preparation of the financial statements referred to in paragraph 13.2.1. The accrual basis method of accounting shall be followed by the Partnership for tax purposes, and the taxation year of the Partnership shall be its Financial Year.

13.2 Reports.

13.2.1 Within 120 days after the end of each Financial Year, the General Partner shall cause to be delivered to each Person who was a Partner at any time during the Financial Year, an annual report containing the following:

- (i) financial statements of the Partnership, including, without limitation, a balance sheet as at the end of the Financial Year and statements of income, Partners' equity and changes in financial position for such Financial Year, which shall be prepared in accordance with generally accepted United Kingdom accounting principles consistently applied and shall be reported upon by the Auditors;
- (ii) a statement, in reasonable detail, showing the Capital Account of each Special Partner and computing the Operating Profit Distributions and Capital Payments to each Special Partner during such Financial Year; and
- (iii) a report containing an overview of the investment activities of the Partnership during the Financial Year covered by the annual report, including Fair Market Valuations of Venture Capital Interests.

The General Partner shall within ninety days of the end of the first six months of each Financial Year cause a half yearly report to be prepared (which need not be certified by the Auditors), such report to contain an overview of the Partnership's portfolio, including a summary of all companies in which investments were made by the Partnership during such period, a description of each such investment and the terms thereof, and a description of any material event regarding the business of the Partnership (including any material developments in the investments made by the Partnership) during such period and the General Partner shall cause the same to be delivered to each Person who was a Partner at any time during the relevant half year.

13.2.2 The assets of the Partnership, to the extent they are in the form of securities (including Venture Capital Interests), shall be valued at their Fair Market Value, except that for all purposes of this Agreement, no value shall ever be attributed to the firm name of the Partnership, or the right of its use, or to the goodwill appertaining to the Partnership or its business, either during the continuation of the Partnership or in the event of its dissolution and termination. Liabilities shall be determined in accordance with the method of accounting employed by the Partnership and may include reserves for estimated accrued contingencies.

13.3 Tax Information. Within ninety days after the end of each Financial Year, the General Partner will cause to be delivered to each Person who was a Partner at any time during such Financial Year such information, if any, with respect to the Partnership as may be necessary for the preparation of such Partner's income tax returns, including a statement showing each Partner's share of income, gain or loss and credits for such Financial Year for income tax purposes.

13.4 Partnership Funds. The funds of the Partnership may be deployed as described in the definition of Short Term Investments. Withdrawals therefrom shall be made upon such signature(s) as the General Partner may designate. No funds of the Partnership shall be kept in any account other than a Partnership account or in an account of a custodian; funds shall not be commingled with the funds of any other Person; and the General Partner shall not employ, or permit any other Person to employ, such funds in any manner except for the benefit of the Partnership.

13.5 Elections. The determinations of the General Partner with respect to the treatment of any item or its allocation for United Kingdom tax purposes shall be binding upon all of the Partners so long as such determination shall not be inconsistent with any express term hereof and provided that the Auditors shall not disagree therewith.

13.6 Other Information. With reasonable promptness, the General Partner will deliver such other information available to the General Partner, including financial statements and computations, relating to any Person in which the Partnership then holds Venture Capital Interests as any Special Partner may from time to time reasonably request provided that such information does not, in the opinion of the General Partner, competitively disadvantage such Person and provided that the Special Partner requesting such information undertakes to advise the General Partner if the disclosure of such information to such Special Partner would competitively disadvantage such Person vis-a-vis such Special Partner.

ARTICLE FOURTEEN

Representations and Warranties of the General Partner

14.1 Representations and Warranties of the General Partner. The General Partner represents, warrants and covenants to each Special Partner that:

- (a) Upon the filing of the statement required under the Act with the Companies Registration Office in England, the Partnership will be (i) a duly organised and validly existing Limited Partnership under the laws of England with full power and authority to conduct its business as contemplated in this Agreement, and (ii) a Partnership for United Kingdom income tax purposes which will not be treated, for such purposes, as an association taxable as a company.

- (b) All action required to be taken by the General Partner and the Partnership as a condition to the issuance and sale of the Interests being purchased by the Special Partners has been taken; the Interest in the Partnership of each Special Partner represents a duly and validly issued Interest in the Partnership, and, subject to filing the requisite particulars pursuant to, and compliance with, the Act, each Special Partner of the Partnership is entitled to all the benefits of a Special Partner under this Agreement and all the benefits of a "limited partner" under the Act.
- (c) This Agreement has been duly authorised, executed and delivered by the General Partner and, upon due acceptance by each of the Special Partners, will constitute the valid and legally binding agreement of the General Partner.
- (d) Save as referred to in paragraph 14.1(a) no consent, approval or authorisation of, or filing, registration or qualification with, any court or governmental authority on the part of the General Partner or the Partnership is required for the execution and delivery of this Agreement by the General Partner, the performance of its or the Partnership's obligations and duties hereunder, or the issuance of Interests in the Partnership as contemplated hereby, except any thereof which may be required of the Partnership solely by virtue of the nature of any Special Partner.
- (e) The General Partner is not in default (nor has any event occurred which with notice, lapse of time, or both, would constitute a default) in the performance of any obligation, agreement or condition contained in this Agreement, any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness or any lease or other agreement or understanding, or any licence, permit, franchise or certificate, to which it is a party or by which it is bound or to which its properties are subject, nor is it in violation of any statute, regulation, law, order, writ, injunction, judgment or decree to which it is subject, which default or violation would materially adversely affect the business or financial condition of the General Partner or impair the General Partner's ability to carry out its obligations under this Agreement.
- (f) There is no litigation, investigation or other proceeding pending or, to the knowledge of the General Partner, threatened against the General Partner or a Person associated with the General Partner which, if adversely determined, would materially adversely affect the business or financial condition of the General Partner.

ARTICLE FIFTEEN

Miscellaneous

15.1 Notices.

15.1.1 Any notice to any Special Partner shall be given at the address of such Partner set out in Schedule B or Schedule C hereto or at such other mailing address of which such Special Partner shall advise the General Partner in writing. Any notice to the Partnership or the General Partner shall be given at the principal office of the Partnership as set out in paragraph 2.3. The General Partner may at any time change the location of such office. Notice of any such change shall be given to the Partners on or before the date of any such change.

15.1.2 Any notice shall be deemed to have been duly served if sent by first class prepaid mail (airmail if overseas) on the fourth day following that on which the letter containing the same is posted, and in proving such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted by first class prepaid mail (airmail if overseas) and in the case of telegram or telex, shall be deemed to have been duly served twenty four hours after despatch.

15.2 Separability of Provisions. If any provision of this Agreement shall be held to be invalid, the remainder of this Agreement shall not be affected thereby.

15.3 Entire Agreement. This Agreement constitutes the entire agreement between each of the Partners; it supersedes any prior agreement or understandings among them, oral or written, all of which are hereby cancelled. There are no representations, agreements, arrangements or understandings, oral or written, between or among the Partners relating only to the subject matter of this Agreement which are not fully expressed or referred to herein.

15.4 Headings, etc. The headings in this Agreement are inserted for convenience of reference only and shall not affect the interpretation of this Agreement. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in either the masculine or the neuter gender shall include the masculine, the feminine and the neuter.

15.5 Binding Provisions. The covenants and agreements contained herein shall be binding upon and inure to the benefit of the executors, administrators, personal or legal representatives, successors and assigns of the respective parties hereto.

15.6 No Waiver. The failure of any Special Partner to seek redress for violation, or to insist on strict performance, of any covenant or condition of this Agreement shall not prevent a subsequent act which would have constituted a violation from having the effect of an original violation.

15.7 Reproduction of Documents. This Agreement and all documents relating thereto, including, without limitation, Consents, waivers, amendments and modifications which may hereafter be executed, and certificates and other information previously or hereafter furnished to any Special Partner, may be reproduced by it by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process, and any Special Partner may destroy any original document so reproduced. The Partnership, the General Partner and each Special Partner agrees and stipulates that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by a Special Partner in the regular course of business) and that enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

15.8 Confidentiality. Each Special Partner will maintain the confidentiality of non-public information regarding the Partnership (including any Person in which the Partnership holds, or contemplates acquiring, any Venture Capital Interest) and the Partners received by such Special Partner pursuant to this Agreement in accordance with such procedures as it applies generally to information of this kind.

15.9 No Right to Partition. Except as otherwise expressly provided in this Agreement, the Partners, on behalf of themselves and their shareholders, partners, heirs, executors, administrators, personal or legal representatives, successors and assigns, if any, hereby specifically renounce, waive and forfeit all rights, whether arising under contract or statute or by operation of law, to seek, bring or maintain any action in any court of law or equity for partition of the Partnership or any asset of the Partnership, or any interest which is considered to be Partnership property, regardless of the manner in which title to any such property may be held.

15.10 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument, provided that each such counterpart shall be executed by the General Partner.

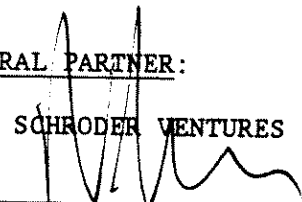
15.11 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of England.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

GENERAL PARTNER:

(1) SCHRODER VENTURES LIMITED

By


Title: Duly authorised attorney

THE ITALIAN VENTURE FUND LP4: SCHEDULE B

SPECIAL LIMITED PARTNERS

<u>Name</u>	<u>Address</u>	<u>Capital Contribution (Lire)</u>
Schroder Ventures Limited	120 Cheapside London EC2V 6DS	50,000
Schroder International Trust Company Limited	Burnaby Building Burnaby Street Hamilton Bermuda	50,000

THE ITALIAN VENTURE FUND LP4: SCHEDULE C

LIMITED PARTNERS

<u>Name and Address</u>	<u>Number of Interests</u>	<u>Capital Contribution (Lire): million</u>	<u>Commitments Loans (Lire): million</u>	<u>Total (Lire): million</u>
Schroder Nominees Limited 36 Old Jewry London EC2R 8BS	2.325	4.65	460.35	465

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