

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

ASSOCIATED GAS SUPPLIES LIMITED

INTERPRETATION

1. In these Articles:

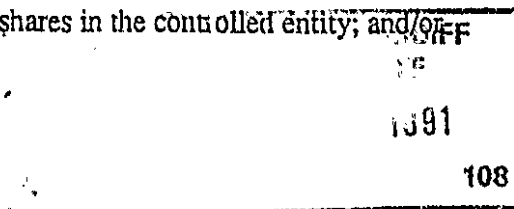
"the Act". means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force;

"Associate": means, in relation to a member, a corporate body:

- (i) that is, directly or indirectly, controlled by such member; or
- (ii) that, directly or indirectly, controls such member; or
- (iii) that is, directly or indirectly, controlled by a body that also, directly or indirectly, controls such member;

and, for the purpose of this definition, "control" means:

- (a) the right to exercise the votes attaching to more than fifty per cent (50%) of all the voting shares in the controlled entity; and



- (b) the right to appoint or remove a majority of the board of directors of the controlled entity.

"Auditors": means the auditors for the time being of the Company;

"Board": means the board of directors of the Company;

"clear days": in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

"encumbrance" means any mortgage, pledge, lien (other than in favour of the Company as provided in these Articles), hypothecation, charge or other form of security interest, or any interest in the nature of a security whatsoever, and "encumber" shall be construed accordingly;

"executed": includes any mode of execution;

"holder": in relation to shares means the member whose name is entered in the register of members as the holder of the shares;

"office": means the registered office of the Company;

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

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

"United Kingdom": means the Kingdom of Great Britain and Northern Ireland.

"Working Day": means any day other than a Saturday, a Sunday and a public holiday in England.

Unless the context otherwise requires, words or expressions contained in these Articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these Articles became binding on the Company.

The regulations contained in Table A as prescribed in the Companies (Tables A to F) Regulations 1985 shall not apply to the Company and these Articles shall constitute the regulations of the Company.

### SHARE CAPITAL

2. (a) (i) The authorised share capital of the Company at the date of adoption of these Articles is £2,001 divided into 2,000 ordinary shares and 1 preference share all of £1 each.
- (ii) The preference share shall confer upon the holder the right to a preferential dividend in any year (a "Year") in which the profits of the Company available for distribution amount to £1000 or more, such dividend to be calculated by means of the following formula:-

$$S = 15\% \times r \times R$$

Where:

S is the amount of dividend payable;

r is the ratio (expressed as a fraction) between gas purchased by the Company from Elf UK PLC or any Associate of Elf UK PLC and the total amount of gas purchased by the Company during the Year; provided that any gas which is purchased by the Company during the Year and is in storage in the transportation system or elsewhere at the end of the Year shall be excluded from the calculation of "r" and any gas which is in storage at the beginning of the Year and is taken out of storage during the Year shall be included; and

R is the profit of the Company available for distribution for the Year.

The preference share shall carry no right to attend or vote at general meetings of the Company.

On a return of capital on liquidation or otherwise, the holder of the preference share shall be entitled to repayment of the paid up nominal value of the preference share out of the surplus assets of the company after payment of its liabilities in priority to any return of capital payable to the holders of the ordinary shares.

- (iii) No member shall at any time hold less than five per cent (5%) of the issued ordinary share capital of the Company.

#### INCREASE IN CAPITAL

- (b) (i) The Company in general meeting may from time to time increase its share capital by such sum to be divided into shares of such amount as the Resolution shall prescribe provided that save as the Company in general meeting may otherwise determine such increased capital shall be divided into shares of the same class as the existing issued ordinary share capital of the Company, such new shares shall first be offered to members only and no such offer shall be made unless an offer is made simultaneously to all members on identical terms pro rata to their existing holdings. Each such offer shall be made by notice from the directors specifying the number and price of the shares on offer and shall invite each member to state in writing within a period not less than five nor more than ten clear days whether he is willing to take any and if so what maximum number of the shares on offer. At the expiration of the time limited by the offer the directors shall allocate the shares on offer to or amongst the members who shall have notified to the directors their willingness to take any of the shares and (if more than one) as nearly as may be pro rata according to the number of ordinary shares held by such members respectively at the date of the offer, but so that no person shall be obliged to take more than the maximum number of shares so notified by him as aforesaid.
- (ii) If any shares remain unallocated after such offer under paragraph (b) (i) of this Article 2, the directors shall make further offer(s) of all such shares remaining unallocated on the same terms as the

original offer save that such further offer(s) shall be made to members to which have been allocated all shares previously offered to them pursuant to the same series of offers (and, if more than one, pro rata to the number of ordinary shares held by such members ignoring shares already allocated pursuant to the same series of offers) and such procedure shall continue for so long as may be necessary to allocate all unissued shares or until no member shall have indicated its willingness to subscribe for further shares.

- (iii) The application of Section 89(1) of the Act is hereby excluded.
- (c) Any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with respect to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the aforementioned original share capital.
- (d)
  - (i) Any shares subsisting and unissued at the date of adoption of these Articles shall be at the disposal of the directors who are unconditionally authorised for the purposes of Section 80 of the Act to offer, allot, grant options over or otherwise dispose of them subject to paragraph (b) of this Article to such person at such time and for such consideration and upon such terms and conditions as the directors may determine at any time or times during the period of 5 years from the adoption of these Articles but so that no shares shall be issued at a discount except in accordance with Section 97 of the Act.
  - (ii) After the expiry of such period of 5 years the authority contained in paragraph (i) above shall expire but such authority shall allow the Company to make any offer or agreement before the expiry of such authority which would or might require shares to be allotted or rights to be subscribed for and to convert any security into shares to be granted after the expiry of such authority.

3. (a) Subject to and in accordance with the provisions of the Act and otherwise on such terms as the Company in general meeting may determine:
- (i) any share in the capital of the Company may be issued on terms that it is to be, or at the option of the Company or the holder thereof is liable to be, redeemed;
  - (ii) the Company may purchase any of its own shares (including any redeemable shares); and
  - (iii) the Company may make a payment in respect of the redemption or purchase of any of its own shares otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares;
- and the directors shall be empowered respectively to redeem or purchase any such shares on such terms as the Company in general meeting may determine.
4. The Company may exercise the powers of paying commissions conferred by the Act, but no commission shall exceed an amount per share equal to five per cent of the unit price and no commission shall be paid to a member. A commission shall not be satisfied other than by payment of cash.
5. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and (except as otherwise provided by these Articles or by law) the Company shall not be bound by or recognise any interest in any share except an absolute right to the entirety thereof in the holder.

#### SHARE CERTIFICATES

6. A person, upon becoming the holder of any shares, shall be entitled without payment to one certificate for all the shares held by him (and, upon transferring a part of his holding of shares, to a certificate for the balance of such holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the directors may determine.

Every certificate shall be sealed with the seal and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

7. If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the Company in investigating evidence as the directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

#### LIEN

8. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share. The directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a share shall extend to any amount payable in respect of it.
9. The Company may sell in such manner as the directors determine any shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid without fourteen clear days after notice has been given to the holder of the share or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.
10. To give effect to a sale the directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings with regard to the sale. The provisions of these Articles relating to rights of pre-emption shall apply to any such sale.
11. The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the Company for cancellation of the

certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

#### CALLS ON SHARES AND FORFEITURE

12. Subject to the terms of allotment, the directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of any sum due thereunder, be revoked in whole or part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.
13. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.
14. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
15. If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Act) but the directors may waive payment of the interest wholly or in part.
16. An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call.
17. Subject to the terms of allotment the directors may make arrangements on the



issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.

18. If a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.
19. If the notice is not complied with any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.
20. (a) Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors may determine either to the person who was before the forfeiture the holder or to any other person and at any time before sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the directors may authorise some person to execute an instrument of transfer of the share to that person.  
  
(b) Notwithstanding the foregoing, the directors shall not sell, re-allot or otherwise dispose of any forfeited share other than on terms and in the manner as the Company in general meeting may determine and shall not cancel the forfeiture other than on such terms as the Company in general meeting may determine. For the purposes of this Article if a resolution is not passed it shall nevertheless be deemed to be passed if the only reason for it not being passed is the failure of the forfeited member to vote for the resolution.
21. A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to the Company for all monies which at the date of forfeiture were presently payable by him to the Company in respect of those shares with interest at the rate at which interest was payable on

those moneys before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined in the Act) from the date of forfeiture until payment. The directors may enforce payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture and shall waive payment to the extent of any consideration received on their disposal.

22. A statutory declaration by a director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings with regard to the forfeiture or disposal of the share.

#### TRANSFER OF SHARES

23. The directors may, in their absolute discretion and without assigning any reason therefor, decline to register the transfer of a share, whether or not it is a fully paid share.
24. The instrument of transfer of a share may be in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the transferor (and, unless the share is fully paid, by or on behalf of the transferee) and the transferor shall be deemed to remain the holder of the share until the transferee is entered in the register of members of the Company in respect thereof.
25. The directors may refuse to register the transfer of a share which is not fully paid to a person to whom they do not approve and they may refuse to register the transfer of a share on which the company has a lien. They may also refuse to register a transfer unless:-
- (a) it is lodged at the registered office of the Company or such other place as the directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer;
  - (b) it is in respect of only one class of shares; and

- (c) it is in favour of not more than four transferees.
26. If the directors refuse to register a transfer of a share, they shall within two months' after the date on which the transfer was lodged with the Company send to the transferee notice of such refusal.
27. The registration of a transfer of shares or of transfers of any class of shares may be suspended at such times and for such periods (not exceeding 30 days in any year) as the directors may determine.
28. No fee shall be charged for the registration of any instrument of transfer or the document relating to or affecting the title to any share.
29. The Company shall be entitled to retain any instrument of transfer which was registered, but any instrument of transfer which the directors have refused to register shall be returned to the person lodging it when notice of refusal is given.

#### ALTERATION OF SHARE CAPITAL

30. Subject to Article 2(b) the Company in general meeting may:
- (a) increase its share capital by new shares of such amount as the resolution prescribes;
  - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (c) subject to the provisions of the Act, sub-divide its shares or any of them into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others;
  - (d) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; and

- (e) issue shares of a different class to those which had previously been issued.
31. There shall be no consolidation of shares if such would result in any member becoming entitled to a fraction of a share.
32. Subject to the provisions of the Act, the Company may by Special Resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

#### GENERAL MEETINGS

33. All general meetings other than annual general meetings shall be called extraordinary general meetings.
34. The directors shall call general and extraordinary general meetings at regular intervals and otherwise at the request of any member (in which case they shall forthwith proceed to convene an extraordinary general meeting for a date not later than twenty one (21) days after receipt of the requisition). If there are not within the United Kingdom sufficient directors to call a general or extraordinary general meeting, any director or any member of the Company may call a general or extraordinary general meeting.

#### NOTICE OF GENERAL MEETINGS

35. An annual general meeting or an extraordinary general meeting called for the passing of a Special Resolution shall be called by at least twenty one (21) clear days' notice. All other extraordinary general meetings shall be called by at least fourteen (14) clear days' notice but a general or extraordinary general meeting may be called by shorter notice if it is so agreed:
- (a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
- (b) in the case of any other meeting by a majority of the members having a right to attend and vote being a majority together holding not less than ninety-five per cent (95%) in nominal value of the shares giving that right.

The notice shall specify the time and place in England of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such. Subject to the provisions of these Articles and to any restrictions imposed on any shares, the notice shall be given to all the members, and to the directors and auditors.

#### PROCEEDINGS AT GENERAL MEETINGS

36. No business shall be transacted at any meeting unless a quorum is present. Persons entitled to vote upon the business to be transacted being members (or proxies for members or duly authorised representatives of corporations which are members) and holding between them not less than eighty per cent (80%) of the ordinary shares shall be a quorum.
37. If such a quorum is not present within half an hour from the time fixed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the corresponding day in the next week at the same time and place or to such time and place as the directors may determine. If a quorum is not present within half an hour of the time fixed for the adjourned meeting, or if during the meeting such quorum ceases to be present, the meeting shall stand adjourned to the corresponding day in the next week at the same time and place or to such time and place as the directors may determine, when the members present who were also present at the prior abortive meeting shall constitute a quorum. When a meeting is adjourned notice shall promptly be given specifying the time and place of the adjourned meeting.
38. The chairman, if any, of the Board or in his absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) be present and willing to act within fifteen (15) minutes after the time appointed for holding the meeting, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.
39. If no director is willing to act as chairman, or if no director is present within fifteen (15) minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.

40. A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general or extraordinary general meeting and at any separate meeting of the holders of any class of shares in the Company.
41. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.
42. A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded by the chairman or any member present in person or by proxy or duly authorised representative.
43. Unless a poll is duly demanded a declaration that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to the effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
44. The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
45. Minutes

The secretary (or any person authorised by the secretary to act in his place at a meeting of the members) will attend every meeting of the members and will record resolutions and the result of voting thereon as directed by the meeting or any member, and will prepare the minutes and provide each member with a copy

thereof not more than fourteen days after the end of the meeting. Any minute approved at the next meeting of the members shall be prima facie evidence of the decisions taken by the meeting to which such minute relates.

46. Voting

Save as otherwise required by the Act or provided in these Articles all decisions at meetings of the members shall be taken by the affirmative vote of the members entitled to vote upon the business to be transacted and together holding not less than eighty per cent (80%) of the ordinary shares or, in the case of a meeting at which pursuant to Article 37 the members present constitute a quorum regardless of the number of shares held by them, by the affirmative vote of those members present and eligible to vote holding not less than eighty per cent (80%) of the ordinary shares held by those present and eligible to vote.

47. A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more members.

48. A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members). The result of the poll shall be deemed to be the resolution of the meeting.

49. In the case of an equality of votes whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote in addition to any other vote he may have.

50. A poll demanded on any question shall be taken forthwith.

51. Any member may so far as is reasonable bring to meetings of the members such advisers as it considers necessary.

VOTES OF MEMBERS

52. Subject to any rights or restrictions attached to any shares, on a show of hands

every member who is present in person or by proxy or by duly authorised representative, not being himself a member entitled to vote, shall have one vote and on a poll every member, proxy and representative shall have one vote for every share of which he is the holder.

53. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy or duly authorised representative, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of member.
54. No member shall vote at an general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by representative or by proxy, in respect of any share held by him unless all monies (unless the subject of a bona fide dispute) presently payable by him to the Company in respect of any share of the Company have been paid.
55. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
56. On a poll votes may be given either personally or by duly authorised representative or by proxy. A member may appoint more than one proxy to attend on the same occasion.
57. An instrument appointing a proxy may be in any usual or common form or in any other form which the directors may approve.
58. The instrument appointing a proxy and any authority under which it is executed or a copy of such authority shall not be valid unless it is delivered to the chairman or to the secretary (a) at any time before the meeting (b) at any time before the poll or (c) at the meeting at which the person named in the instrument proposes to vote.
59. A vote given or poll demanded by proxy or by the duly authorised representative of a member shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the office or at such other place at which the instrument of proxy was duly deposited before the commencement of



the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

#### NUMBER OF DIRECTORS

60. Unless otherwise determined by Special Resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall be not less than three.
61. (a) Each member holding 40% or more of the issued ordinary shares in the Company shall be entitled to appoint three (3) directors and to require removal from office of any director so appointed provided that if there are two or more members holding between them 40% or more of the issued ordinary shares in the Company which are Associates of one another, those members shall be entitled to nominate a total of three (3) directors between them.
- (b) Any member holding less than 40% of the issued ordinary shares in the Company shall be entitled to appoint one director, again provided that if there are two or more members holding between them less than 40% of the issued ordinary shares of the Company which are Associates of one another, those members shall be entitled to nominate a total of one director between them.
- (c) Any appointment or removal of a director shall be made by notice to the Company signed by or on behalf of the member.
- (d) Additional directors may be appointed by resolution of the Board.
- (e) The Board may appoint one of their number to be the chairman of the Board and may at any time remove him from that office. Unless he is unwilling to do so, the director so appointed shall preside at every meeting of directors at which he is present. If there is no director holding that office, or if the director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.

### ALTERNATE DIRECTORS

62. Any director (other than an alternate director) may appoint any other director, or any other person willing to act, to be an alternate director and may remove from office an alternate director so appointed by him.
63. An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member, to attend and vote at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence but shall not be entitled to receive any remuneration from the Company for his services as an alternate director. An alternate director shall supply to the Company an address, or telex or facsimile number, whether or not within the United Kingdom, to which notices of meetings of the directors may be sent and shall then be entitled to receive at such address or number notice of such meetings.
64. An alternate director shall cease to be an alternate director if his appointor ceases to be a director.
65. Any appointment or removal of an alternate director shall be by notice to the Company signed by the director making or revoking the appointment or in any other manner approved by the directors.
66. An alternate director shall be deemed for all purposes to be a director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

### POWERS OF DIRECTORS

67. Subject to the provisions of the Act, the memorandum and these Articles and to any direction given in general meeting the business of the Company shall be managed by the directors who may exercise all the powers of the Company. No alteration of the memorandum or these Articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given.

The powers given by this Article shall not be limited by any special power given to the directors by these Articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

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

#### DELEGATION OF DIRECTORS' POWERS

69. (a) The directors may delegate any of their powers to any managing director or any director holding any other executive office on such terms and conditions as the directors may impose.
- (b) The directors may from time to time appoint committees consisting of one director nominated by each of the members or such other representative as each of the members may nominate. The directors may delegate any of their powers to any such committee and from time to time may revoke any such delegation and discharge any such committee wholly or in part. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board and shall otherwise be governed by these Articles in so far as they relate to proceedings of directors.

#### RETIREMENT OF DIRECTORS

70. Directors shall not be liable to retirement by rotation.

#### DISQUALIFICATION AND REMOVAL OF DIRECTORS

71. (a) The office of a director shall be vacated if:
- (i) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director or he is removed pursuant to Article 61; or
- (ii) he becomes bankrupt or makes any arrangement or composition

with his creditors generally; or

(iii) he is, or may be, suffering from mental disorder and either:

(aa) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or

(bb) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonus or other person to exercise powers with respect to his property or affairs; or

(iv) he resigns his office by written notice to the Company; or

(v) he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated; or

(vi) the member appointing him ceases to be a member of the Company or ceases to hold the appropriate percentage of the issued ordinary shares in the Company; or

(vii) being a director appointed under Article 61(d) he is removed by resolution of the Board.

(b) Upon any resolution to remove a director under section 303 of the Act the appointor of such director shall be entitled to cast a number of votes equal to the total number of votes which the other members are entitled to cast plus one.

#### REMUNERATION OF DIRECTORS

72. The Directors shall be entitled to such remuneration as the Company in general meeting may determine and, unless resolved otherwise, the remuneration shall be

deemed to accrue from day to day.

### DIRECTORS' EXPENSES

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

### DIRECTORS' APPOINTMENTS AND INTERESTS

74. Subject to the provisions of the Act, the directors may appoint one or more of their number to the office of managing director or to any other executive office under the Company and may enter into an agreement or arrangement with any director for his employment by the Company for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and they may remunerate any such director for his services as they think fit. Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the Company.
75. Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:
- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
  - (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
  - (c) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any

such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

76. For the purposes of Article 75:

- (a) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;
- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and
- (c) a director shall be deemed to have disclosed the nature and extent of his interest to the extent such arises by reason of his being a director, officer, employee, agent, shareholder or appointee of any holder of shares of the class held by the member or members who appointed him (or one of its Associates).

77. A director may vote as a director in regard to any contract or arrangement in which he is interested or upon any matter arising thereout, and if he shall so vote his vote shall be counted and he shall be reckoned in estimating a quorum when any such contract or arrangement is under consideration.

#### DIRECTORS' GRATUITIES AND PENSIONS

78. The directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

present at the relevant meeting shall be entitled to cast a number of votes equal to the total of the votes which all the other directors present at the meeting are together entitled to cast plus one.

- (g) Apart from the chairman and the managing director, unless otherwise agreed by the Board no director appointed under Article 61(d) shall be entitled to cast a vote in respect of any proposed resolution of the Board.
  - (h) Notwithstanding paragraph (d) of this Article 79, a director shall not (and shall not be entitled to) vote to the extent his votes are attributable to shares held by a member who has not paid all monies (unless the subject of a bona fide dispute) presently payable by him to the Company in respect of those shares.
  - (i) Questions arising at a meeting shall be decided in accordance with the foregoing provisions of this Article. In the case of an equality of votes, the chairman shall not have a second or casting vote. A director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.
80. Subject to the provisions of Article 81 the quorum for the transaction of the business of the directors shall be at least one director appointed by each one of the shareholders holding 40% or more of the ordinary shares of the Company. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.
81. If such a quorum is not present within half an hour from the time fixed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the corresponding day in the next week at the same time and place. If a quorum is not present within half an hour of the time fixed for the adjourned meeting or if during the meeting such quorum ceases to be present, the meeting shall stand adjourned to the corresponding day in the next week at the same time and place when the directors present who were also present at the prior abortive meeting shall constitute a quorum. When a meeting is adjourned notice shall promptly be given specifying the time and place of the adjourned meeting.
82. All acts done by a meeting of directors, or of a committee of directors, or by a person acting as a director shall, notwithstanding that it be afterwards discovered

that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

83. (a) A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors and to vote on the resolution shall be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held and may consist of several documents in the like form each signed by one or more directors; but a resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.
- (b) A meeting of the directors shall be validly held notwithstanding that a quorum of the directors is not present at the same time and place provided that:
- (i) at least one director appointed by each member, being a director entitled to vote on the matter for decision, agrees to the holding of the meeting in the manner described herein; and
  - (ii) a sufficient number of the directors to form a quorum and entitled to vote on the matter for decision are at the time of the meeting in direct communication with each other whether by way of telephone, audio-visual link or other form of telecommunication.
84. A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.
85. A director who is in any way, whether directly or indirectly and whether in his personal capacity or as a director nominated by a member, interested in a contract or arrangement or proposed contract or arrangement shall declare that interest at the meeting of the directors when that contract or arrangement or proposed contract or arrangement is first discussed. Provided that such interest is so declared any such Director shall not be precluded from addressing or voting at



that or any subsequent meeting in relation to any such contract or proposed contract. For the purpose of this Article, an interest of a person who is, for any purpose of the Acts (excluding any statutory modification thereof not in force when this regulation becomes binding on the company), connected with a director shall be treated as an interest of the director or an alternate director, and in relation to a director or an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

#### SECRETARY

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

#### MINUTES

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

#### THE SEAL

88. The Company shall have a seal which shall only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or by a second director.

#### DIVIDENDS

89. Subject to the provisions of the Act and to Article 90, the Company in general meeting may declare dividends in accordance with the respective rights of the

members, but no dividend shall exceed the amount recommended by the directors.

90. Whenever there are profits available for distribution in respect of a year a preferential dividend as described in Article 2(a)(ii) shall be paid to the holder of the preference share described in Article 2(a)(i) in respect of that year.

For the avoidance of doubt, the preference share described in Article 2(a)(i) will be non-cumulative.

91. Subject to the provisions of the Act, the directors may with the authority of the members pay interim dividends if they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the directors may with the authority of the members pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, the preferential dividend described in Article 2(a)(ii) has not been paid or any other preferential dividend is in arrears. The directors may with the authority of the members also pay at intervals settled by them any dividend payable at a fixed rate if profits available for distribution justify the payment. Provided the directors act in good faith and with the authority of the members they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

92. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

93. A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to

any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.

94. Any dividend or other monies payable in respect of a share may be paid by cheque sent by post to the registered address of the person entitled or at the option of the person entitled by such other reasonable means as he may specify and at his cost or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder, to the registered address of that one of those persons who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque or such other means specified by the person entitled shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque or such other means shall be a good discharge to the Company. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other monies payable in respect of the share.
95. No dividend or other monies payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

#### ACCOUNTS

96. (a) Members or their agents shall (as such) have the right to inspect any accounting records or other book or document of the Company during normal office hours.
- (b) The audited accounts of the Company shall be prepared in accordance with approved accounting standards and shall be submitted to the members as soon as practicable after the end of the relevant accounting period.

#### CAPITALISATION OF PROFITS

97. The directors may with the authority of an ordinary resolution of the Company:
- (a) subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to

the credit of the Company's share premium account or capital redemption reserve;

- (b) appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or (subject to Articles 2 and 30), in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions, or partly in one way and partly in the other; but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to members credited as fully paid;
- (c) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this Article in fractions; and
- (d) authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

#### NOTICES

- 98. Any notice to be given to or by any person pursuant to these Articles shall be in writing.
- 99. The Company may give any notice to a member either personally, by delivering it by hand or prepaid first class post to the member at his registered address or by sending it by telex or facsimile transmission to such number as the member may have advised the Company for that purpose, whether or not such address or number be within the United Kingdom. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient

notice to all the joint holders.

100. A member present, either in person or by proxy or by duly authorised representative, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
101. Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been duly given to a person from whom he derives his title.
102. In the absence of proof to the contrary, a notice shall be deemed to have been received:
  - (a) in the case of hand delivery upon the first Working Day following such delivery; and
  - (b) in the case of first class post, on the third Working Day after the day of posting;
  - (c) in the case of telex or facsimile transmission, on the first Working Day following a successful transmission.

In proving service it shall be sufficient proof, in the case of a notice sent by post, that the envelope containing the same was properly stamped, addressed and placed in the post and, in the case of a telex or facsimile transmission, that it was properly addressed and successfully transmitted.

#### WINDING UP

103. If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

## INDEMNITY

104. (a) Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.
- (b) Without prejudice to paragraph (a) above, and subject to the provisions of the Act, and without prejudice to any indemnity to which any such person may otherwise be entitled, every director, executive director, managing director, manager, agent, auditor, secretary and other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him in or about the execution and discharge of the duties of his office.
- (c) Subject to the provisions of the Act, the Company may maintain insurance for all officers and auditors of the Company against any liability incurred by them which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or trust of which they may be guilty in relation to the affairs of the Company.