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THE COMPANIES ACTS 1985 and 1989

COMPANY LIMITED BY SHARES

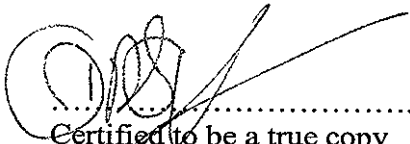
WRITTEN SPECIAL RESOLUTION

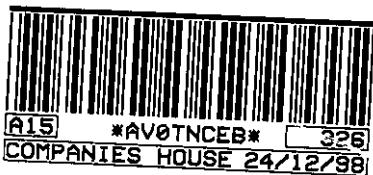
of

AARDMAN HOLDINGS LIMITED

WE, the undersigned Shareholders being together the holders of all the Shares of the above named company now issued and entitled to receive notice of and to attend and vote at general meetings HEREBY RESOLVE as follows:

1. That new Articles of Association produced to the Company initialled by the Chairman for the purposes of identification be adopted by the Company in substitution for and to the exclusion of the Company's existing Articles of Association.


.....
Certified to be a true copy
Of the Resolution passed
on 18th Dec 1998



THE COMPANIES ACTS 1985 AND 1989
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
of
AARDMAN HOLDINGS LIMITED

(Adopted by special resolution dated 18th December 1998)

Preliminary

1. The following regulations and (except in so far as they are excluded by or inconsistent with these Articles) the regulations contained in Table A in the Companies (Tables A to F) Regulations 1985 ('Table A') constitute the articles of association of the Company.
2. In Regulation 1 of Table A the words 'and the articles' shall be deemed to be added after the words 'these regulations' in each place where they occur.
3. Regulations 24, 40, 54, 62, 64, 73 to 80 (inclusive), 87, 89, 90, 110, and 118 of Table A shall not apply to the Company.

Shares

4. The share capital of the Company is £115,000 divided into 10,000,000 Ordinary Shares of 1p each ("Ordinary Shares"), and 1,500,000 A Ordinary shares of 1p each ("A' Shares").
5. The Ordinary Shares and the A Shares shall constitute different classes of shares for the purposes of the Companies Act 1985 (as amended) ("the Act") but save as expressly provided in these Articles shall confer upon the holders thereof the same rights and rank *pari passu* in all respects.
6. The directors are generally and unconditionally authorised for the purposes of section 80 of the Act to allot unissued shares of the Company up to the maximum aggregate of the number of authorised but unissued shares of the Company at the date of adoption of these Articles; provided that:
 - (a) any such allotment is made during the period of five years from the date of adoption of these Articles;

- (b) on the occasion of each allotment the Ordinary Shares, and the A Shares shall be allotted at the same price (not being at a discount) and on the same terms as to date for payment;
 - (c) 'A' Shares shall only be allotted to existing members of the Company, to the Trustees for the time being of the 1998 Aardman Holdings Limited Approved Profit Sharing Scheme, or to employees or directors of the Company or of a company in the group of companies comprising the Company its Subsidiaries and Holding Companies and the Subsidiaries of any such Holding Companies (the respective meanings of 'Holding Company' and 'Subsidiary' being as defined by s736 Companies Act 1985 as amended) ("the Aardman Group")
 - (d) In accordance with section 91(1) of the Act sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the Company
7. On any occasion when shares are allotted and distributed credited as fully paid pursuant to the provisions of Regulation 110 of Table A the shares allotted to the holders of the Ordinary Shares as such holders shall (if not already Ordinary Shares) forthwith on allotment automatically be converted into Ordinary Shares unless the Directors shall in any particular case otherwise decide at the time of allotment, and the shares allotted to the holders of the A Shares as such holders shall (if not already A Shares) forthwith on allotment automatically be converted into A Shares.

Lien

8. Without prejudice to the provisions of Regulation 8 of Table A, the Company shall also have a first and paramount lien on all the shares registered in the name of any member for all moneys (whether presently payable or not) due to the Company from that member, whether the debt in respect of which the moneys are due was incurred before or after notice to the Company of any equitable or other interest of any person other than the member. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The directors may wholly or partially exempt any share from the provisions of this article upon such terms as they may think fit.

9. Transfer of Shares

- (a) This Article shall apply to all classes of shares in the Company apart from the 'A' Ordinary Shares and references to this Article to a "share" shall be construed accordingly. The beneficial ownership of any shares in the capital of the Company shall not be transferred mortgaged charged or otherwise disposed of except in accordance with the provisions hereinafter contained;
- (b) The registered ownership of a share in the capital of the Company shall not be transferred save upon the transfer of the beneficial ownership thereof or upon the appointment of new trustees;

- (c) The beneficial ownership of any Ordinary Shares in the capital of the Company held by any member may at any time be transferred to a company owned and controlled by that If such a company shall cease to be owned or controlled by the person who was the member before transferring the share to the company then that person and that company shall forthwith procure that the responsible beneficial ownership of such shares shall be transferred to that person or to another company owned or controlled by that person;
- (d) Subject as in these Articles provided any share may be transferred to any member of the Company and any share may be transferred by a member to his or her father or mother or step-father or to any lineal descendant or his or her father or mother or step-father or to his or her wife or husband or to any other such relative of any other member of the Company or to trustees for any such person or persons as aforesaid and any share of a deceased member may be transferred to the widow or widower or any other such relative as aforesaid of such deceased member or may be transferred to or placed in the names of his or her executors or trustees. In this article a person with whom a member cohabits shall be treated as the wife or husband of the member as appropriate.
- (e) Subject to the provisions of Articles 9(d) and (e) above if any member wishes to dispose of any of his shares in the capital of the Company ("the Sale Shares") at any time that member ("the Transferor") shall by notice in writing to the Directors ("the Sale Notice") notify the Directors of his wish so to do. The Sale Notice shall constitute the Directors his agent for the sale of the Sale Shares at the Fair Value (as hereinafter defined) and the Sale Notice shall not be withdrawn except with the consent of the Directors
- (f) The Fair Value shall be such price per share as shall be agreed between the Transferor and the Directors or in default of agreement within 30 days of the service of the Sale Notice, shall be as certified by the Company's Auditors acting as experts and not as arbitrators to be in their opinion the fair value of the Sale Shares. In computing the value of any Sale Shares under this Article the auditors shall inter alia compute such value on the basis of the Company being a going concern and in accordance with normal and consistently applied accounting principles and the latest financial information of the Company and its subsidiaries adjusted in such manner as the auditors may think fit and taking into account actual liabilities the full amount of any provisions or reserve or any known or anticipated liability or loss including contingent liabilities, ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest and on the assumption that they are transferable without restriction. The cost of any such valuation by the auditors shall be borne as to one half by the Transferor and as to one half by the Company. For the purpose of this Article the auditors shall be deemed to act as experts and not as arbitrators and their decision shall be final and binding.

- (g) When the Fair Value has been determined as above the Directors shall as soon as reasonably practicable shall offer the Sale Shares at Fair Value to the other holders for the time being of the same class of shares as the Sale Shares in proportion as nearly as the circumstances admit to the number of shares (of the relevant class) held by each such shareholder. Each such offer shall be in writing and shall specify the price per share and state that if the offer is not accepted within fourteen days it will be deemed to have been declined. If at the expiration of the period of fourteen days any Sale Shares have not been accepted they shall be offered in the same manner and upon the same terms to the relevant shareholders who have accepted the Sale Shares previously offered to them and if there is more than one such accepting shareholder then in proportion to their last previous acceptances of Sale Shares. The offer shall be repeated in the same manner and on the same terms until either all the Sale Shares have been accepted or all the shareholders of the relevant class have declined to accept any more.
- (h) If within 30 days of the date of the Notice buyers shall have been found for all the Sale Shares the Transferor shall be bound to transfer the Sale Shares to the Purchasers on payment of the Fair Value per share in respect thereof and if he makes default in doing so the Directors may receive and give a good discharge for the purchase money on the Transferor's behalf and may make such changes to the register of members of the Company as may be required
- (i) In the event of any of the Sale Shares on offer not being purchased under the provisions mentioned above, the Transferor may at any time within three months after the date of the Notice given under Article 9 (h) transfer the Sale Shares not so purchased to any person at any price except that no Sale Shares not so sold as aforesaid may be transferred at a lower price than the Fair Value per share previously certified unless he shall first have given a further Sale Notice in respect of those shares specifying the price at which he proposes to transfer the shares to the third party as the Fair Value provided that the Directors may (without assigning any reason therefor) decline to register any such transfer except where such transfer has been previously approved by a meeting of the Directors
- (j) Shares") at any time that member ("the Transferor") shall by notice in writing to the Directors ("the Sale Notice") notify the Directors of his wish so to do. The Sale Notice shall constitute the Directors his agent for the sale of the Sale Shares at the Fair Value (as hereinafter defined) and the Sale Notice shall not be withdrawn except with the consent of the Directors

- (k) The Fair Value shall be such price per share as shall be agreed between the Transferor and the Directors or in default of agreement within 30 days of the service of the Sale Notice, shall be as certified by the Company's Auditors acting as experts and not as arbitrators to be in their opinion the fair value of the Sale Shares. In computing the value of any Sale Shares under this Article the auditors shall inter alia compute such value on the basis of the Company being a going concern and in accordance with normal and consistently applied accounting principles and the latest financial information of the Company and its subsidiaries adjusted in such manner as the auditors may think fit and taking into account actual liabilities the full amount of any provisions or reserve or any known or anticipated liability or loss including contingent liabilities, ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest and on the assumption that they are transferable without restriction. The cost of any such valuation by the auditors shall be borne as to one half by the Transferor and as to one half by the Company. For the purpose of this Article the auditors shall be deemed to act as experts and not as arbitrators and their decision shall be final and binding.
- (l) When the Fair Value has been determined as above the Directors shall as soon as reasonably practicable shall offer the Sale Shares at Fair Value to the other holders for the time being of the same class of shares as the Sale Shares in proportion as nearly as the circumstances admit to the number of shares (of the relevant class) held by each such shareholder. Each such offer shall be in writing and shall specify the price per share and state that if the offer is not accepted within fourteen days it will be deemed to have been declined. If at the expiration of the period of fourteen days any Sale Shares have not been accepted they shall be offered in the same manner and upon the same terms to the relevant shareholders who have accepted the Sale Shares previously offered to them and if there is more than one such accepting shareholder then in proportion to their last previous acceptances of Sale Shares. The offer shall be repeated in the same manner and on the same terms until either all the Sale Shares have been accepted or all the shareholders of the relevant class have declined to accept any more.
- (m) If within 30 days of the date of the Notice buyers shall have been found for all the Sale Shares the Transferor shall be bound to transfer the Sale Shares to the Purchasers on payment of the Fair Value per share in respect thereof and if he makes default in doing so the Directors may receive and give a good discharge for the purchase money on the Transferor's behalf and may make such changes to the register of members of the Company as may be required

- (n) In the event of any of the Sale Shares on offer not being purchased under the provisions mentioned above, the Transferor may at any time within three months after the date of the Notice given under Article 9 (h) transfer the Sale Shares not so purchased to any person at any price except that no Sale Shares not so sold as aforesaid may be transferred at a lower price than the Fair Value per share previously certified unless he shall first have given a further Sale Notice in respect of those shares specifying the price at which he proposes to transfer the shares to the third party as the Fair Value provided that the Directors may (without assigning any reason therefor) decline to register any such transfer except where such transfer has been previously approved by a meeting of the Directors

10. Pre-emption Rights in respect of 'A' Shares

- (a) In the event that any member wishes to dispose of any of his 'A' shares in the capital of the Company ("the Sale Shares") at any time that member ("the Transferor") shall by notice in writing to the Directors ("the Sale Notice") notify the Directors of his wish so to do. The Sale Notice shall constitute the Directors his agent for the sale of the Sale Shares at the Fair Value (as hereinafter defined) and the Sale Notice shall not be withdrawn except with the consent of the Directors
- (b) The Fair Value shall be such price per share as shall be agreed between the Transferor and the Directors or in default of agreement within 30 days of the service of the Sale Notice, shall be as certified by the Company's Auditors acting as experts and not as arbitrators to be in their opinion the fair value of the Sale Shares. The Auditors shall in so valuing the Sale Shares value the Sale Shares as the holding they are and not (unless they determine otherwise) as a proportion of the value of the Company as a whole
- (i) As at the date of the Notice
- (ii) As a going concern and if any of the Company's Subsidiaries or Subsidiary Undertakings is then carrying on business with the continuation of the same as a going concern (including goodwill and all other intangible assets)
- (iii) As between a willing vendor and a willing purchaser.

The fees and expenses of the Auditors in connection with the giving of their certificate shall be borne as to one half by the Transferor and as to the other half by the Company

- (c) When the Fair Value has been determined as above the Directors shall as soon as reasonably practicable give written notice to the Trustees ("the Trustees") for the time being of the 1998 Aardman Holdings Limited Approved Profit Sharing Scheme ("the Scheme") offering to sell the Sale Shares at the Fair Value per share to the Trustees

- (d) If within 30 days of the date of the Notice given under Article 10 (c) the Trustees shall give written notice to the Company accepting such offer the Transferor shall be bound to transfer the Sale Shares to the Trustees on payment of the Fair Value per share in respect thereof and if he makes default in doing so the Directors may receive and give a good discharge for the purchase money on the Transferor's behalf and may make such changes to the register of members of the Company as may be required
- (e) In the event of any of the Sale Shares on offer not being purchased under the provisions mentioned above, the Transferor may at any time within three months after the date of the Notice given under Article 10 (c) transfer the Sale Shares not so purchased to any person at any price except that no Sale Shares not so sold as aforesaid may be transferred at a lower price than the Fair Value per share previously certified unless they shall first have been offered to the Trustees at such lower price in accordance with the provisions of articles 10 (c) and 10 (d) hereof and the Trustees shall not have accepted the offer within a period of 30 days from the date of the offer

11. Any holder of 'A' Shares who

- (a) ceases to be an employee or director of a company within the Aardman Group; or
- (b) acquired such shares in pursuance of rights or interests obtained by such an employee or director, and who is not (or has ceased to be) such an employee or director

shall be deemed to have served a Sale Notice in accordance with article 10 (a) hereof to transfer all of the holding of 'A' Shares in the capital of the Company held by such member and the provisions of article 10 (b) hereof shall mutatis mutandis apply, save that no such deemed Transfer Notice may be withdrawn in any circumstances

12. The directors shall have an absolute discretion to refuse to register any transfer without assigning any reason therefor of a share whether or not it is a fully paid share

General Meetings

13. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. A quorum shall be at least two members present in person or by proxy (or, in the case of a corporate member, by representative).
14. Subject to any special rights of restrictions as to voting attached to any shares by or in accordance with these articles, on a show of hands each member present in person shall have one vote and on a poll each member in person or by proxy shall have one vote for every share (being either an Ordinary Share or an A Share) held by him.

15. In the case of an equality of votes whether on a show of hands or on a poll, the chairman at any general meeting shall be entitled to a second or casting vote in addition to any other vote he may have .
16. In the case of a corporate member a resolution in writing may be signed on its behalf by a director or the secretary of that corporate member or duly authorised representative. Regulation 53 shall be extended accordingly.
17. An instrument appointing a proxy (and where it is signed on behalf of the appointor by an attorney the letter or power of attorney or a duly certified copy thereof) must either be delivered at such place or one of such places (if any) as may be specified for that purpose in or by way of note to the notice convening the meeting (or if no place is so specified at the registered office) at least one hour before the time appointed for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used or be delivered to the Secretary (or the chairman of the meeting) on the day and at the place of but in any event before the time appointed for holding the meeting or adjourned meeting or poll. An instrument of proxy shall not be treated as valid until such delivery shall have been effected. Regulation 62 of Table A shall not apply.

Directors

18. The maximum number and minimum number respectively of the directors may be determined from time to time by ordinary resolution in general meeting of the company. Subject to and in default of any such determination there shall be no maximum number of directors and the minimum number of directors shall be one. The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director provided that the appointment does not cause the member of directors to exceed the maximum number fixed by or in accordance with the articles.
19. Any Director (other than an alternate Director) may appoint any director, or any other person approved by resolution of the directors and willing to act, to be an alternate director and may remove from office an alternate director so appointed by him. Any such alternate shall be entitled to receive notices of , attend and receives copies of the minutes of all meetings of the directors but shall only be entitled to vote at meetings not attended by the director whose alternate he is.
20. Any appointment, removal or replacement pursuant to article 19 shall be effected by notice in writing to the Company and shall take effect upon delivery at the office or upon its being produced to a meeting of the directors.

Proceedings of Directors

21. Meetings of the directors shall take place at those time or times as may be required but not in any event less than four times in any calendar years. Unless otherwise agreed in writing by all the directors for the time being of the Company, at least 21

days' notice in writing will be given to each director of each meeting of the directors, which notice shall specify so far as practical the business to be considered at that meeting, and unless all the directors (or their duly appointed alternates) agree otherwise no matters shall be resolved at any meeting of the directors except those specified in the notice of the meeting.

22. Notice of every meeting of directors shall be given to each director or his alternate director, including directors and alternate directors who may for the time being be absent from the United Kingdom and have given the Company their address outside the United Kingdom, and Regulations 66 and 88 of Table A shall be amended accordingly.
23. The quorum for the transaction of the business of the directors shall be two directors (or their alternates) provided that if within half an hour from the time appointed for the meeting a quorum is not present the meeting shall be adjourned to the same day in the next week at the same time and place
24. The continuing directors or a sole continuing director may act notwithstanding any vacancy in their body, but, if the numbers of the directors is less than the number fixed as the quorum, the continuing directors or director may act for the purpose only of calling a general meeting.
25. A director (including an alternate director) shall not require any shareholding qualification, but shall nevertheless be entitled to notice of and shall be entitled to attend and speak at any general meeting.
26. On any matter in which a director is in any way interested he may nevertheless vote and be taken into account for the purposes of a quorum and (save as otherwise agreed) may retain for his own absolute use and benefit all profits and advantages directly or indirectly accruing to him thereunder or in consequence thereof. Regulations 94 to 98 shall be modified accordingly.

Gratuities and Pensions

27. The directors may exercise the powers of the Company conferred by clause 3 (f) of the Memorandum of Association of the Company and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of such powers.

The Seal

28. Regulation 101 of Table A shall only apply if the Company has a common seal. Whether it does or not, a share certificate may be executed under section 36A(4) of the Act instead of being sealed.

Capitalisation of Profits

29. The directors may with the sanction of a Special Resolution of the Company capitalise any sum standing to the credit of any of the Company's reserve accounts (including

share premium account and capital redemption reserve) or any sum standing to the credit of the profit and loss account by appropriating such sum to the holders of the Ordinary shares and A shares in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and:

- (a) on behalf of the holders of the Ordinary shares applying that part of such sum distributable amongst them in paying up in full unissued Ordinary shares for allotment and distribution credited as fully paid up to and amongst them; and
- (b) on behalf of the holders of the A shares applying that part of such sum distributable amongst them in paying up in full unissued A shares for allotment and distribution credited as fully paid up to and amongst them; and

in the proportion aforesaid. The directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation with full power to the directors to make such provisions as they think fit for the case of shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrues to the Company rather than the members concerned). The directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned. Regulation 110 shall not apply.

Notices

30. Any notice to be given to or by any person pursuant to the articles shall be deemed to be given in writing at the time of transmission if it is given by facsimile transmission.

Indemnity

31. Subject to the provisions of the Act, and so far as may be permitted by law every director or other officer or auditor of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, expenses or liabilities incurred by him in the execution or discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings civil or criminal which relate to anything done or omitted or alleged to have been done or omitted by him as an officer of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission is granted to him by the court. Regulation 118 shall not apply. The Company may purchase and maintain for any such officer or auditor insurance against any liability which by virtue of any rule of law may attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.