

Coastal Energy Limited

Company No:
04421942

The Companies Acts 1985 and 1989

On the 7th November 2006 the following resolutions in writing (the first resolution to have effect as an ordinary resolution and the following second, third and fourth resolutions to have effect as special resolutions) were duly passed by the sole member of the Company entitled to receive notice of and to attend and vote at General Meetings, pursuant to Regulation 53 of Table A of the Companies Act 1985 as amended by the Companies Act 1989,:

Resolutions

1. *"That the directors be and they are generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 ("Act") to exercise all the powers of the Company to allot 568 Ordinary Shares of £1 at any time during the period of five years from the date hereof."*
2. *"That the directors be and they are empowered pursuant to section 95 of the Act to make the allotment of shares pursuant to the authority conferred by resolution 1, as if section 89(1) of the Act did not apply to such allotment."*
3. *"That the subscription in cash by GB Gas Holdings Limited for 568 Ordinary Shares of the Company at a subscription price of £1,190,000 be and is hereby approved; and."*
4. *"That, the articles of association in the document attached hereto be and is hereby approved and adopted as the articles of association of the Company in substitution for and to the exclusion of all the existing articles of association of the Company."*



for and on behalf of
Centrica Secretaries Limited

.....
Company Secretary



THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

**NEW
ARTICLES OF ASSOCIATION
of
COASTAL ENERGY LIMITED**

(Adopted by Special Resolution passed on 7 November 2006)

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THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
of
COASTAL ENERGY LIMITED

(Adopted by Special Resolution passed on 7 November 2006)

1. PRELIMINARY

1.1 Definitions

In these Articles:

"Act" means, subject to paragraph 1.3 of this Article, the Companies Act 1985 and the Companies Act 1989;

"Affiliate" means with respect to any person, any other person that (i) controls the first person, (ii) is controlled by the first person, or (iii) is under common control with the first person, where "control" (for the purposes of this definition) means the power to direct the management of a person (through voting shares, by contract or otherwise);

"Articles" means these articles of association, as from time to time altered;

"Board" means the board of Directors of the Company, as from time to time constituted;

"Business Day" means Monday to Friday except any day which is generally recognised as a public holiday in England;

"CCS Off-take Infrastructure" means the CCS carbon dioxide off-take and transportation pipeline infrastructure to be developed, owned and operated by Coots and intended to be used by the IGCC Plant and other power plants and industries;

"Centrica" means GB Gas Holdings Limited, a company incorporated under the laws of England (registered number 03186121) and whose registered office is at Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD;

"company" includes any body corporate;

"Company" means Coastal Energy Limited, company number 04421942;

"Conflicted Shareholder" has the meaning given in Article 16;

"Connected Party" means, in respect of any Shareholder, any of that Shareholder's employees or directors or any Affiliate of that Shareholder;

"Connected Party Agreement" means any agreement between the Company of the one part and a Connected Party of the other;

"Coots" means Coots Ltd, a company incorporated under the laws of England with the registered number 5949882;

"Default Transfer Notice" has the meaning given in Article 8;

"Director" means a director appointed by the Shareholders and holding office pursuant to Article 12;

"Encumbrance" means any mortgage, pledge, lien, charge, assignment, hypothecation, or other agreement or arrangement which has the same or a similar effect to the granting of security;

"Event of Default" has the meaning given in Article 8;

"IGCC Plant" means the integrated gasification combined cycle power station with a net generating capacity of approximately 817 MW to be located at a site yet to be determined within the vicinity of Teesside, United Kingdom;

"Offeree" has the meaning given in Article 7.3;

"Offeror" has the meaning given in Article 7.1.1;

"PEL" means Progressive Energy Limited, a company incorporated under the laws of England (registered number 03620177);

"Permitted Transferee" has the meaning given in Article 6.5;

"Prescribed Price" has the meaning given in Article 7.5;

"Prohibition Period" means the period of time running until the later to occur of:

- (1) 7 November 2009; and
- (2) the date falling one year after the last of the Required Consents has been obtained, satisfied or waived;

"Required Consents" means:

- (1) s36 Consent in respect of the IGCC Plant;
- (2) receipt of an offer from National Grid plc to connect the IGCC Plant to the national electricity grid;
- (3) receipt of an offer for an advanced reservation of capacity agreement for National Transmission System utilisation; and
- (4) unless waived by notice in writing from Centrica, receipt of two (2) letters from internationally recognised finance providers offering (subject to reasonable terms) financing to Coots for the funding of the whole or substantially the whole of the development and construction of the CCS Off-take Infrastructure;

"Relevant Agreement" means any agreement to which the Shareholders (in their capacity as Shareholders in the Company) are party relating to the business and affairs of the Company;

"s36 Consent" means consent given under section 36 of the Electricity Act 1989 as amended by the Secretary of State (as defined in the Electricity Act 1989 as amended);

"Sale Shares" has the meaning given in Article 7.1.1;

"Share" means an ordinary share in the capital of the Company and all future issued ordinary shares in the capital of the Company;

"Shareholder" means a registered holder of the Shares or any of them;

"Table A" means Table A in the Companies (Tables A to F) Regulations 1985 in force at the date of adoption of these Articles;

"transfer" has the meaning given in Article 6.2; and

"Transfer Notice" has the meaning given in Article 7.1.1.

1.2 Same meanings as in the Act

Save as provided in Article 1.1 and unless the context otherwise requires, words or expressions contained in these Articles bear the same meaning as in the Act.

1.3 Statutory modification

In these Articles, unless expressly provided to the contrary, a reference to any statute or provision of a statute includes a reference to any statutory modification or re-enactment of it and to any subordinate legislation made under it in each case for the time being in force.

1.4 Number, gender and person

In these Articles, unless the context otherwise requires:

1.4.1 words in the singular include the plural, and vice versa;

1.4.2 words importing any gender include all genders; and

1.4.3 a reference to a person includes a reference to a company and to an unincorporated body of persons.

1.5 Miscellaneous interpretation

In these Articles:

1.5.1 references to writing include references to typewriting, printing, lithography, photography and any other modes of representing or reproducing words in a legible and non-transitory form;

1.5.2 references to "executed" includes any mode of execution;

1.5.3 references to "other" and "otherwise" shall not be construed *eiusdem generis* where a wider construction is possible;

1.5.4 references to a power are to a power of any kind, whether administrative, discretionary or otherwise; and

1.5.5 references to a committee of the Directors are to a committee established in accordance with these Articles, whether or not comprised wholly of Directors.

1.6 Headings

Headings are inserted for convenience only and do not affect the construction of these Articles.

1.7 Articles and Regulations

In these Articles a reference to an Article is to an article of these Articles and a reference to a Regulation is to a regulation in Table A.

2. TABLE A

The Regulations contained in Table A shall apply to the Company save insofar as they are varied or excluded by or are inconsistent with these Articles. Regulations 40, 41, 50, 54, 64 to 69 (inclusive), 72, 73 to 81 (inclusive), 84, 88, 89, 93, 94, 95 and 118 in Table A shall not apply to the Company.

3. AUTHORISED SHARE CAPITAL

The authorised share capital of the Company on the date of adoption of these Articles is £100,000 divided into 100,000 ordinary shares of one (1) pound each.

4. RIGHTS ATTACHING TO SHARES

The rights attaching to the Shares are as follows:

4.1.1 Capital

On a return of assets on liquidation or otherwise, the assets of the Company available for distribution among the Shareholders shall be applied first in paying to the Shareholders a sum equal to the nominal amount of each Share held by them and secondly the balance of such assets (if any) shall be distributed amongst the Shareholders, pro rata (as nearly as may be) according to the nominal amounts paid up or credited as paid up on the Shares held by them respectively.

4.1.2 Income

Subject to the provisions of these Articles, the profits of the Company available for distribution and resolved to be distributed in respect of any financial year shall be distributed among the Shareholders. Every dividend shall be distributed to the Shareholders pro rata (as nearly as may be) according to the number of the Shares held by them respectively.

4.1.3 Voting

Subject to any special rights, privileges or restrictions attached to any Shares, at a general meeting of the Company on a show of hands every Shareholder who (being an individual) is present in person or by proxy (not being himself a Shareholder) or (being a corporation) is present by a representative duly authorised under section 375 of the Act (not being himself a Shareholder) shall have one vote, and on a poll every Shareholder present in person, by representative or by proxy shall have one vote for every Share of which he is the holder.

5. ISSUE OF SHARES

5.1 Pre-emption on issue

Subject to the provisions of Article 5.8, any Shares in the capital of the Company which are unissued from time to time shall before they are issued whether for cash or otherwise be offered to the Shareholders in proportion, as nearly as may be, to their holdings of Shares.

5.2 Procedure for offering

The offer referred to in Article 5.1 shall be made by notice specifying the number of Shares offered, the proportionate entitlement of the relevant Shareholder, the price per Share and limiting a period (not being less than 21 days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of such time the Directors shall offer the Shares which have been declined or are deemed to have been declined to the persons who have within the said period accepted all the Shares offered to them. Such further offer shall be on the same terms as the first offer and shall invite each of the holders to state in writing within a period of not less than 14 days whether he is willing to take any, and if so what maximum number, of the Shares so offered.

5.3 Allotment of Shares after offers

At the expiration of the time limited by the notice or notices given pursuant to Article 5.2 the Directors shall allot the Shares so offered to or amongst the Shareholders who have notified their willingness to take all or any of such Shares in accordance with the terms of the relevant offer. No Shareholder shall be obliged to take more than the maximum number of Shares he has indicated his willingness to take. The Directors shall make such arrangements as they shall think fit concerning entitlements to fractions, overseas Shareholders and Shareholders unable by law or regulation to receive or accept any offer pursuant to this Article.

5.4 Issue other than to Shareholders

No unissued Shares may be allotted or issued to any person who is not immediately prior to such allotment or issue a Shareholder.

5.5 Disapplication of statutory pre-emption provisions

Sections 89 and 90 of the Act shall not apply to the allotment of equity securities by the Company.

5.6 No renunciation of allotment

No Shares shall be allotted on terms that the right to take up the Shares allotted may be renounced in favour of, or assigned to, another person and no person entitled to allotment of a Share may direct that such Share may be allotted or issued to any other person.

5.7 Rights and restrictions

In Regulation 2 the word "resolution" shall be omitted and the words "special resolution" shall be substituted for them.

5.8 Waiver or variation

With the prior written approval of all the Shareholders, any of the restrictions or other provisions of this Article may be waived or varied by the Directors at a meeting of the Board in relation to any proposed issue of Shares.

6. GENERAL PROVISIONS CONCERNING TRANSFERS OF SHARES

6.1 General restriction on transfer

The right to transfer Shares shall be subject to the rights and restrictions set out in Articles 6.2 to 6.8 inclusive and no Share nor any interest therein shall be transferred to or become vested in any person otherwise than in accordance with such provisions. Any transfer of Shares by a Shareholder shall be in respect of no less than 75% of the Shares held by it.

6.2 Disposal of whole interest only

Save as permitted pursuant to these Articles no transfer, disposal, charge, mortgage, assignment or other dealing in any Shares or any interest or right therein shall occur other than the transfer of the whole legal and equitable title to such Shares free from all liens, charges and encumbrances and with all rights, title and interest in existence at the date of transfer together with all rights which may arise in respect thereof thereafter (and "transfer", in the context of a transfer of Shares, shall be construed accordingly in these Articles).

6.3 Restriction on Transfers by PEL

During the Prohibition Period, PEL may not assign, transfer, exchange, encumber or otherwise dispose of any of the Shares held by it or any interest in such Shares, other than to Centrica.

6.4 Restriction on Disposal of Shares

Subject to Article 6.5, and without prejudice to Article 6.3, each Shareholder undertakes to the other Shareholder and to the Company that it shall not at any time transfer or otherwise dispose of any Shares or interest in or option over any Shares without first offering the Shares to the other Shareholder in accordance with Article 7.

6.5 Transfers to an affiliate by Centrica

Centrica may transfer all (but not part only) of its Shares without the giving of a Transfer Notice to an Affiliate ("**Permitted Transferee**"), provided that if at any time the Permitted

Transferee is to cease being an Affiliate of Centrica, then Centrica shall procure that the Shares are transferred back to Centrica or one of its Affiliates prior to the Permitted Transferee ceasing to be an Affiliate of Centrica.

6.6 Attempted disposal of interest in Shares

If a Shareholder at any time attempts to deal with, or dispose of, a Share or any interest therein or right attaching thereto otherwise than in accordance with the provisions of these Articles he shall be deemed immediately prior to such attempt to have given a Default Transfer Notice in respect of such Shares.

6.7 Refusal to approve a transfer

Subject to Article 6.8, the Directors shall refuse to register a transfer of any Shares not made pursuant to and complying with the provisions of these Articles.

6.8 Provision of information - transfer of Shares

6.8.1 For the purpose of ensuring that a transfer of Shares is in accordance with these Articles and duly authorised hereunder or that no circumstances have arisen whereby a Transfer Notice is or may be deemed to have been given hereunder or for the purpose of ascertaining when a Transfer Notice is or may be deemed to have been given hereunder or for the purpose of ascertaining whether any relevant provisions of these Articles apply, the Directors may require any Shareholder, the representative of any Shareholder appointed pursuant to section 375 of the Act, the receiver, administrator, administrative receiver or the liquidator of any corporate Shareholder or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the Directors shall think fit regarding any matter which they may deem relevant to such purpose.

6.8.2 Failing such information or evidence being furnished to the reasonable satisfaction of the Directors within a reasonable time after request, the Directors shall refuse to register the transfer in question or (in a case where it is determined that a transfer is required by these Articles) shall give notice in writing of such fact to all Shareholders and the provisions of Article 8 shall apply.

6.9 Waiver or variation

With the prior written approval of each of the Shareholders, any of the restrictions or other provisions of Articles 6.2 to 6.8 inclusive may be waived or varied by the Directors in relation to any proposed transfer of Shares.

7. PRE-EMPTION RIGHTS

7.1 Transfer Notice

7.1.1 Before transferring any Shares to a person (other than, in Centrica's case only, an Affiliate) (except pursuant to a Default Transfer Notice) the Shareholder proposing the transfer ("**Offeror**") shall give notice ("**Transfer Notice**") to the other Shareholders and the Company of the proposal to transfer such Shares ("**Sale Shares**").

7.1.2 The Transfer Notice shall specify the name of the proposed purchaser, the number of shares that make up the Sale Shares (being no less than 75% of the Shares held by the Offeror), the price at which the Sale Shares are to be sold ("**Prescribed Price**") and all other terms of the proposed transfer. If the proposed transfer of the Sale Shares involves consideration other than cash or is part of a

wider transaction, the Offeror shall specify a reasonable and justifiable cash value for the Sale Shares in the Transfer Notice.

- 7.1.3 A Transfer Notice once given may not be revoked and shall remain open for a period of thirty (30) Business Days from the date on which it was served on the Offeree ("**Acceptance Period**").

7.2 Offer

- 7.2.1 An offer of Shares pursuant to a Transfer Notice shall only be available to all Shareholders other than the Offeror.
- 7.2.2 An offer of Shares pursuant to a Default Transfer Notice shall only be available to Non-Defaulting Shareholders without prejudice to the other rights and remedies the Non-Defaulting Shareholders may have against the Defaulting Shareholder.

7.3 Acceptance

If within the Acceptance Period a Shareholder ("**Offeree**") notifies the Company that it wishes to purchase all of the Sale Shares, the Offeror shall be bound, upon payment of the Prescribed Price and subject to any terms and conditions previously agreed between the Shareholders, to transfer the Sale Shares to the Offeree on the terms set out in the Transfer Notice.

7.4 Non-Acceptance

- 7.4.1 If, at the expiry of the Acceptance Period, no Shareholder has notified the Offeror that it wishes to purchase all of the Sale Shares the Offeror at any time thereafter up to the expiration of six (6) weeks after the Acceptance Period may transfer the Sale Shares to the person named in the Transfer Notice at any price not being less than the Prescribed Price (after deducting, where appropriate, any dividend or other distribution declared or made in respect of the Sale Shares after the giving of the Transfer Notice and to be retained by the Offeror) and otherwise on the terms set out in the Transfer Notice, provided that Board may require to be satisfied that all of the Sale Shares are being transferred pursuant to a *bona fide* sale upon the material terms and for the consideration (without any deduction, rebate or allowance whatsoever other than in respect of any dividend or other distribution as referred to above) stated in the transfer.
- 7.4.2 The provisions of this Article 7.4 shall not apply in the case of a Default Transfer Notice.

7.5 Prescribed Price for Sale Shares

- 7.5.1 The expression "**Prescribed Price**" shall mean in respect of each Sale Share:
- (A) the price per Share (if any) specified in the Transfer Notice; or
 - (B) the par value where a Default Transfer Notice is deemed to have been given, unless the Default Notice to which it relates specifies otherwise.
- 7.5.2 In the context of a Default Transfer Notice, each Shareholder hereby:
- (A) agrees that the nature and amount of the Prescribed Price is reasonable and appropriate in the circumstances; and
 - (B) waives and undertakes not to raise by way of defence, whether in law or equity, that the nature or amount of the Prescribed Price is unreasonable, excessive, penal, illegal or unenforceable.

8. COMPULSORY TRANSFER ON DEFAULT

8.1 Default Transfer Notice

If the Company receives notice from any Shareholder ("**Default Notice**") that an event of default (as prescribed by a Relevant Agreement) ("**Event of Default**") has occurred in relation to another Shareholder (the "**Defaulting Shareholder**") and such Event of Default persists un-remedied for a period of twenty (20) Business Days from receipt of such notice, the Defaulting Shareholder shall be deemed to have given a Transfer Notice (a "**Default Transfer Notice**") in respect of the Shares held by the Defaulting Shareholder, and the provisions of Article 7 shall apply *mutatis mutandis*. The offer of Shares pursuant to the Default Transfer Notice shall be available to the non-defaulting Shareholders without prejudice to other rights and remedies they may have against the Defaulting Shareholder.

8.2 Suspension of rights

During the time in which an Event of Default subsists:

- 8.2.1 the Defaulting Shareholder shall not be permitted (whether in person, by proxy or by representative) to vote at general meetings; and
- 8.2.2 any Director appointed by the Defaulting Shareholder shall be suspended from office and the quorum requirements for meetings of the Board as set out in Article 19 shall be reduced appropriately to allow for the continuation of Board meetings without the presence of Directors appointed by the Defaulting Shareholder.

9. PROCEEDINGS AT GENERAL MEETINGS

9.1 Quorum

No business shall be transacted at any general meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business and remains present during the transaction of business. One (1) authorised representative from each of the Shareholders either in person or by proxy or by a duly authorised representative of a corporation, shall be a quorum. If a quorum is not present within thirty (30) minutes after the time specified for the general meeting then such meeting shall be adjourned. Unless otherwise agreed by all of the Shareholders, such meeting shall be reconvened at the Company's registered office at 10am on the fourteenth (14th) Business Day after the date initially set for such meeting. If, on reconvening the meeting in accordance with this Article, a quorum is not present within half an hour after the time specified for the general meeting then:

- 9.1.1 the quorum for such general meeting shall be the Shareholders present half an hour after the time specified for the general meeting; and
- 9.1.2 all decisions made at such general meeting shall require the unanimous vote of the Shareholders present.

9.2 Notice of meetings

Each Shareholder shall be entitled to receive notice of general meetings at the address set out in the Company's register of Shareholders whether or not that address is in the United Kingdom. Where a Shareholder's address is outside the United Kingdom notices shall be sent by airmail and to such fax number as the Shareholder shall notify to the Company secretary. Subject to the requirements of the Act, each notice of a general meeting shall be accompanied by a complete agenda for such meeting and the text of any resolutions proposed to be adopted at the meeting.

9.3 Signed resolutions

A resolution executed or approved in writing by or on behalf of all the Shareholders entitled to receive notice of a general meeting shall be as valid and effective for all purposes as a resolution passed at a general meeting duly convened and held and may consist of several documents in the like form, each executed by or on behalf of one or more persons. In the case of a corporation the resolution may be signed on its behalf by a director or the secretary thereof or by its duly appointed attorney or duly authorised representative.

10. VOTES OF SHAREHOLDERS

10.1 Votes of Shareholders

Subject to any special rights, privileges or restrictions attached to any Shares forming part of the capital of the Company, at any general meeting of the Company on a show of hands every Shareholder (not being a Defaulting Shareholder) who (being an individual) is present in person or by proxy (not being himself a Shareholder) or (being a corporation) is present by proxy or by a representative duly authorised under section 375 of the Act (not being himself a Shareholder) shall have one (1) vote, and on a poll every Shareholder (not being a Defaulting Shareholder) present in person, by representative or by proxy shall have one (1) vote for every Share of which he is the holder.

10.2 No casting vote of chairman

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall not be entitled to a casting vote.

11. DIRECTORS

Unless otherwise agreed by the Shareholders, the number of Directors shall be five (5).

12. APPOINTMENT OF DIRECTORS

12.1 Appointment

12.1.1 A Shareholder holding the majority of the Shares shall be entitled to appoint, remove and replace up to three (3) Directors, and the remaining Shareholder(s) shall be entitled, to appoint, remove and replace up to two (2) Directors, in each case in accordance with the procedure set out in Article 12.2.

12.1.2 Where the Shares are held by two (2) Shareholders, each holding exactly half of the Shares, then each Shareholder shall be entitled, to appoint, remove and replace up to two (2) Directors in each case in accordance with the procedure set out in Article 12.2.

12.2 Procedure for appointment

Any appointment or removal pursuant to Article 12.1 shall be decided upon by Shareholders by either:

12.2.1 a written direction signed by the relevant Shareholder(s); or

12.2.2 by an ordinary resolution passed at a separate meeting of the Shareholders duly convened and held in accordance with the provisions of Article 9, provided that any such meeting may be convened by any Shareholder.

Any appointment or removal pursuant to Article 12.1 shall take effect upon delivery of the direction pursuant to Article 12.2.1 or a written copy of the resolution passed pursuant to

Article 12.2.2 being delivered to the registered office of the Company, to a meeting of the Board or to the secretary.

12.3 Directors holding office

A Director holding office pursuant to Article 12.1 shall hold such office until the Director is either removed pursuant to this Article 12 or vacates office pursuant to Article 17.

12.4 Managing Director

12.4.1 A Managing Director and the deputy managing Director may be appointed, removed and replaced by unanimous vote of the Board

12.4.2 The Board may delegate to the Managing Director those of its powers as are necessary to enable the Managing Director to manage and co-ordinate the day to day administration and operation of the Company and its business, subject to such general parameters, policies, directives, guidelines and limitations as the Board may determine from time to time.

13. ALTERNATE DIRECTORS

13.1 Appointment and removal

Any Director (other than an alternate director) may from time to time appoint any other director or any person approved by the Board (such approval not to be unreasonably withheld or delayed) to be an alternate director of the Company, and may at any time remove any alternate director so appointed by him from office, and appoint another person approved as aforesaid in his place. Any appointment of an alternate director may provide for two or more persons in the alternative to act as an alternate director.

13.2 Notice of appointment or removal

Any such appointment or removal shall be by notice to the Company signed by the Director making or revoking the appointment and shall take effect upon service on the Company at its registered office or in any other manner approved by the directors.

13.3 Cessation of appointment

An alternate director shall ipso facto cease to be an alternate director if his appointor ceases for any reason to be a Director.

13.4 Functions of alternate director

An alternate director shall (subject to his giving to the Company an address within the United Kingdom at which notices may be served on him) be entitled to receive notices of all meetings of Directors, and to attend, to be counted in the quorum for and to vote as a Director (with the same designation as the Director appointing him) at any such meeting at which the Director appointing him is not personally present and generally to perform all functions of his appointor as a Director in the absence of such appointor including, without prejudice to the generality of the foregoing, power to sign any resolution pursuant to Article 19.5.

13.5 Voting rights cumulative

A Director acting as alternate shall have an additional vote at meetings of the Board for each Director for whom he acts as alternate but he shall only count as one person for the purpose of determining whether a quorum is present.

13.6 Alternate director responsible for own acts

An alternate director shall be deemed to be an officer of the Company and shall alone be responsible for his own acts and defaults and the Director so appointing him shall not be responsible for the acts and defaults of an alternate director so appointed.

13.7 Remuneration

The remuneration of any such alternate director shall be payable out of the remuneration payable to the Director appointing him and shall consist of such part (if any) of the last mentioned remuneration as may be agreed between the alternate director and the Director appointing him.

13.8 Power to act

Save as otherwise provided in these Articles, an alternate director shall not have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles.

14. NO SHARE QUALIFICATION

No Director shall require a share qualification but nevertheless shall be entitled to attend and speak at any general meeting of the Company.

15. DIRECTORS' INTERESTS

Subject to Article 16, a Director who has duly declared his interest therein to the Board pursuant to section 317 of the Act may vote as a Director in regard to any contract or arrangement in which he is interested or upon any matter arising therefrom, and if he so votes his vote shall be counted, and he shall be counted in the quorum when any such contract or arrangement is under consideration.

16. CONFLICT

Should any Shareholder ("**Conflicted Shareholder**") or any of its Connected Parties breach the terms of any Connected Party Agreement then no Director appointed by the Conflicted Shareholder shall be required in order to constitute a quorum at a meeting of the Board for the transaction of business concerned with the exercise of the Company's rights under and in respect of the relevant Connected Party Agreement (but no other matters), even if the consequence is that no Director of one or more Shareholders is present and the quorum and voting requirements of Article 19 shall, in those circumstances, be construed accordingly.

17. VACATION OF OFFICE

Without prejudice to the provisions of Article 12, the office of a Director shall be vacated:

- 17.1.1 if by notice in writing to the Company he resigns from the office of Director;
- 17.1.2 if he shall for more than six (6) consecutive months have been absent without permission of the Board from meetings of the Board held during that period;
- 17.1.3 if he appears unable to pay a debt which is payable immediately or to have no reasonable prospect of paying a debt which is not immediately payable in either case within the meanings given to such expressions in section 268 of the Insolvency Act 1986;
- 17.1.4 if he is subject to an interim order under section 252 of the Insolvency Act 1986 or enters into a voluntary arrangement within the meaning given in section 253 of the Insolvency Act 1986;

17.1.5 if he is prohibited from being or is disqualified as a Director by an order made under any provision of the Insolvency Act 1986 or the Company Directors Disqualification Act 1986;

17.1.6 if he is, or may be, suffering from mental disorder and either:

(A) 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

(B) 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 bonis or other person to exercise powers with respect to his property or affairs; or

17.1.7 if he is removed from office under section 303 of the Act.

18. NO AGE LIMIT

Unless and until otherwise determined by the Company by resolution, either generally or in any particular case, no Director shall vacate or be required to vacate his office as a Director on or by reason of his attaining or having attained the age of seventy (70), and any person proposed to be appointed a Director shall be capable of being appointed as a Director notwithstanding that he has attained the age of seventy, and no special notice need be given of any resolution for the appointment as a Director of a person who shall have attained the age of seventy (70), and it shall not be necessary to give to the Shareholders notice of the age of any Director or person proposed to be so appointed.

19. PROCEEDINGS OF DIRECTORS

19.1 Board responsibility

The Board shall have the responsibility for the overall supervision and management of the Company and its business and may exercise all such powers of the Company except in relation to any matter requiring the prior approval of the Shareholders pursuant to any Relevant Agreement, the Company's memorandum or pursuant to applicable laws or regulations, in which case no decision or action by the Board shall be taken unless such prior Shareholder approval has been given.

19.2 Decisions by the Board

19.2.1 The quorum necessary for the transaction of business at a meeting of the Board shall be at least one (1) Director appointed by each Shareholder.

19.2.2 No business shall be transacted at a Board meeting unless a valid quorum of Directors is present at the commencement of and throughout the duration of the meeting.

19.2.3 While an Event of Default subsists, no Director appointed by the Defaulting Shareholder shall be required in order to constitute a quorum or for the transaction of business at a meeting of the Board, even if the consequence is that no Director appointed by a particular Shareholder is present and the requirements of this Article 19.2 shall, in those circumstances, be construed accordingly.

19.3 Regulation of meetings

Unless otherwise determined in respect of each specified meeting by a majority of the Board which majority includes sufficient number and (if appropriate) designation of Directors to constitute a quorum for the business to be transacted at such specified meeting,

meetings of the Board shall be held at least at three (3) monthly intervals, falling in the last week of January, April, July and October each year. Save where urgent business arises where such period of notice is not practicable, a minimum of fourteen (14) Business Days notice of meetings of the Board accompanied by an agenda of the business to be transacted (together with where practicable all papers to be circulated or presented to the same) shall be given to all the Directors by facsimile transmission or by post. Notice shall be given to a Director at the address nominated by his or her appointing Shareholder. Subject as aforesaid, the Directors may adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes and in the case of an equality of votes no person shall have a second or casting vote. A director may, and the secretary on the requisition of a Director shall, at any time summon a meeting of the Board.

19.4 Location of Board meetings

Unless otherwise agreed by all Directors, all Board meetings shall be held at the Company's registered office. A Board meeting may be validly held notwithstanding that all of the Directors are not present at the same place and at the same time provided that those Directors at the time of the meeting not present in person are in direct communication with the Directors present in person whether by way of telephone, audio-visual link or other form of telecommunication. Any Director not present in person, but participating in this way, shall be counted in the quorum and shall be deemed to be present in person at the meeting and entitled to vote.

19.5 Signed resolutions

A resolution executed or approved in writing by all the Directors entitled to vote at a Board meeting shall be as valid and effective for all purposes as a resolution passed at a meeting of the Board duly convened and held and may consist of several documents in the like form, each signed by one or more of the Directors.

19.6 Delegation to committees

The Directors may delegate any of their powers to a committee consisting of at least two (2) Directors, of whom at least one (1) shall be a representative of each Shareholder. No committee shall be entitled to transact any business which the Board would not be entitled to transact, and the provisions of these Articles with respect to the regulation and conduct of meetings of the Board shall apply, *mutatis mutandis*, to meetings of any committee.

19.7 Meetings by Conference Facilities

A meeting of the Directors may consist of a conference between Directors some or all of whom are in different places provided that each Director who participates in the meeting is able:

19.7.1 to hear each of the other participating Directors addressing the meeting; and

19.7.2 if he so wishes, to address each of the other participating Directors simultaneously,

whether directly, by conference telephone or by any other form of communication equipment (whether in use when this Article 19.7 is adopted or developed subsequently) or by a combination of such methods. A quorum shall be deemed to be present if those conditions are satisfied in respect of at least the number and designation of Directors required to form a quorum. A meeting held in this way shall be deemed to take place at the place where the largest group of Directors is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates at the start of the meeting. Any Director may by prior notice to the secretary indicate that he wishes to

attend in this manner in which event the Board will procure that the appropriate conference facility is arranged.

20. OFFICIAL SEAL FOR USE ABROAD

The Company may have an official seal for use abroad under the provisions of the Act, where and as the Board shall determine, and the Company may by writing under the Common Seal appoint any agents or agent, committees or committee abroad to be the duly authorised agents of the Company, for the purpose of affixing and using such official seal, and may impose such restrictions on the use thereof as may be thought fit. Wherever in these Articles reference is made to the Common Seal of the Company, the reference shall, when and so far as may be applicable, be deemed to include any such official seal as aforesaid.

21. INDEMNITY

Subject to the provisions of the Act, the Company may:

- 21.1.1 indemnify any person who is or was a Director, directly or indirectly (including by funding any expenditure incurred or to be incurred by him), against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company; and/or
- 21.1.2 purchase and maintain insurance for any person who is or was a Director against any loss or liability or any expenditure he may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company.

For the purposes of this article, "associated company" has the same meaning as in section 309A of the Act.