

THE COMPANIES ACT 1985

WRITTEN RESOLUTIONS

- of -

ZAURALNEFTEGAZ LIMITED

The following resolutions were duly agreed to by the members of the above-named company (the "**Company**") in accordance with Article 9 of the Company's Articles of Association as a Special Resolution and Ordinary Resolutions with effect from **9th** 2005:
November

SPECIAL RESOLUTION

1. **THAT**, pursuant to Section 9 of the Companies Act 1985 (the "**Act**"), the Articles of Association of the Company be deleted in their entirety and the regulations contained in the document annexed hereto be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company.

ORDINARY RESOLUTIONS

2. **THAT:**
 - 2.1 the 1 issued ordinary share of £1 each in the capital of the Company and registered in the name of Baltic Petroleum (E&P) Limited ("**BP(EP)**") be and is hereby re-designated as an "A Share"
 - 2.2 the 1 issued ordinary share of £1 each in the capital of the Company and registered in the name of Siberian Energy Group Inc. ("**SEG**") be and is hereby re-designated as a "B Share"; and
 - 2.3 the 98 unissued ordinary shares of £1 each in the capital of the Company be and are hereby re-designated as 49 "A Shares" and 49 "B Shares";

such shares to have the rights and be subject to the conditions contained in the new Articles of Association adopted by the Company pursuant to resolution 1 above.

3. **THAT**, for the purposes of Section 80 of the Act (and so that expressions used in this resolution shall bear the same meanings as in the said section 80), the directors of the Company be and are hereby generally and unconditionally authorised to exercise all powers of the Company, to allot relevant securities up to a maximum nominal amount of £98 to such persons and at such times and on such terms as they think fit during the period expiring at the end of the five years from the date of the passing of this resolution and provided that all previous authorities of the directors pursuant to the said section 80 are hereby revoked.

.....
Chairman



THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

ZAURALNEFTEGAZ LIMITED

(Company Number: 5525360)

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THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION

Adopted by a Written Resolution passed on 2005
of

Zauralneftgaz Limited
(the "Company")

PRELIMINARY

1. Table A not to apply

The regulations in Table A in The Companies (Tables A to F) Regulations 1985 shall not apply to the Company.

2. Interpretation

In these Articles (if not inconsistent with the subject or context) the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively:

"A' Directors"	has the meaning given thereto in Article 66.1, and references to an 'A' Director shall be construed accordingly;
"A' Shares"	means 'A' ordinary shares of £1 each in the capital of the Company;
"Act"	the Companies Act 1985 as amended;
"Articles"	these Articles of Association as from time to time altered;
"B' Directors"	has the meaning given thereto in Article 66.1, and references to an 'B' Director shall be construed accordingly;
"B' Shares"	means 'B' ordinary shares of £1 each in the capital of the Company;
"clear days"	in relation to the period of notice, the period excluding (1) the day on which the notice is given or deemed to be given and (2) the day for which it is given or on which it is to take effect;
"Office"	the registered office of the Company for the time being;
"Ordinary Shares"	means 'A' Shares and 'B' Shares;
"Register"	the register of members of the Company;
"shareholders' meeting"	includes both a general meeting and a meeting of the holders of any class of shares of the Company; and
"United Kingdom"	Great Britain and Northern Ireland.

Words denoting the singular shall include the plural and vice versa. Words denoting the masculine shall include the feminine. Words denoting persons shall include bodies corporate and unincorporated associations.

References to any statute or statutory provision shall be construed as relating to any statutory modification or re-enactment of it for the time being in force (whether coming into force before or after the incorporation of the Company). Subject to this, any words or expressions defined in the Act shall (if not inconsistent with the subject or context) bear the same meanings in these Articles.

A special resolution or extraordinary resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles.

The index to, and the headings in, these Articles are for convenience only and shall not affect the interpretation hereof.

SHARE CAPITAL

3. Amount of share capital

- 3.1 The share capital of the Company is £100 divided into 50 'A' Shares and 50 'B' Shares. The 'A' Shares and the 'B' Shares shall constitute separate classes of shares and shall entitle the holders to the respective rights and privileges, and to the respective restrictions and provisions, contained in these Articles but save as otherwise provided in these Articles shall otherwise be identical and rank equally.
- 3.2 The authorised share capital of the Company shall consist only of 'A' Shares and 'B' Shares in equal proportions. The issued share capital of the Company shall always consist of 'A' Shares and 'B' Shares in such proportions.

4. Increase of share capital

The Company may from time to time by ordinary resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe. All new shares shall be subject to the Act and these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

5. Consolidation, subdivision and cancellation

5.1 The Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) cancel any 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 capital by the amount of the shares so cancelled;
- (c) subdivide its shares, or any of them, into shares of smaller amount (subject to the Act), and such resolution may determine that, as between the shares resulting from such subdivision, one or more of the shares may have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares.

5.2 Fractions of shares shall not be permitted.

6. Purchase of own shares

Subject to the Act and to Article 3.2, the Company may purchase any of its own shares of any class (including any redeemable shares) and make a payment in respect of the redemption or purchase of its own shares whether out of its distributable profits or out of the proceeds of a fresh issue of shares or otherwise.

7. Reduction of capital

Subject to the provisions of the Act and to Article 3.2, the Company may by special resolution reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any way.

SHARES

8. Power of Directors to Allot Shares

Subject to Section 80 of the Act and these Articles, all unissued shares shall be at the disposal of the Directors and they may allot, grant options over or otherwise dispose of them to such persons, at such times, and on such terms as they think proper and Section 89 of the Act shall not apply.

9. General Restriction on Issue of Further Shares

Unless (i) otherwise approved by special resolution and (ii) also by the holders of not less than 75 per cent. of the 'A' Shares and by the holders of not less than 75 per cent. of the 'B' Shares, no further shares shall be allotted or issued by the Company and any further shares which are so allotted and issued shall be allotted and issued on terms that upon allotment they shall be fully paid.

10. Further Shares to be Offered to Existing Ordinary Shareholders

Subject always to Article 3.2 and Article 9 (*General Restriction on Issue of Further Shares*) above:

- (a) no new shares shall be allotted or issued by the Company unless such new shares are allotted and issued in respect of both classes of Ordinary Shares and in the same proportions as the then existing issued shares of each such class, and subject to this, any new shares hereinafter proposed to be issued by the Company shall before issue be bound to be offered first to all persons then holding Ordinary Shares of the same class on terms that in the case of several such persons accepting such offer the shares so offered shall be issued to the persons so accepting in proportion (as nearly as may be without including fractions or increasing the number issued to any such person beyond that for which he applied) to their existing holdings of shares. Any such offer shall be made by notice from the Directors specifying the number and subscription price of the shares on offer and shall invite each of such persons to state in writing within a period of not less than 14 days and not more than 28 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 notice the Directors shall allot the shares on offer to or amongst those persons who shall have notified to the Directors their willingness to take any such shares; and

- (b) any new shares offered pursuant to paragraph (a) above and which are not allotted to existing holders of Ordinary Shares in accordance with the provisions of that paragraph shall not be allotted and issued, and the offer thereof shall be withdrawn, unless such approvals as are mentioned in Article 9 (*General Restriction on Issue of Further Shares*) are given thereto.

11. Section 89 Disapplication

Section 89(1), Section 90(1) to (5) and Section 90(6) of the Act are hereby excluded in their application in relation to allotments of equity securities (as defined in Section 94 of the Act).

12. Rights attaching to shares on issue

- 12.1 Subject to the Act and without prejudice to any special rights attached to any existing shares or class of shares, any share may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Directors may determine).
- 12.2 Subject to the Act, the Company may issue any shares which are, or at the option of the Company or the holder are liable, to be redeemed on such terms in such manner as may be provided in these Articles.
- 12.3 Except with the written consent of all members, the powers conferred by this Article 12 (*Rights attaching to shares on issue*) and Articles 8 (*Power of Directors to Allot Shares*), 3.2 and 102 (*Capitalisation of profits and reserves*) shall be exercised only in such a way as to maintain the proportions specified in Article 3 (*Amount of share capital*).

13. Commissions on issue of shares

The Company may exercise the powers of paying commissions conferred by the Act. The Company may also pay such brokerage as may be lawful on any issue of shares.

14. Trust interests etc. not recognised

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and (except as provided by these Articles or by law) the Company shall not be bound by or recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or any other right in respect of any share, except an absolute right to the entirety thereof in the holder.

SHARE CERTIFICATES

15. Issue of share certificates

Every member (except a person to whom the Company is not required by law to issue a certificate) whose name is entered in the Register shall be entitled without payment to a certificate for all of the shares of each class held by him upon the issue or transfer to him of such shares after allotment or after lodgement of the transfer.

16. Form of share certificate

Every share certificate shall be executed by the Company in such manner as the Directors may decide (which may include facsimile signatures by one or more Directors) and shall specify the number and class of shares to which it relates and the amount paid up on those shares. No certificate shall be issued representing shares of more than one class.

17. Joint holders

The Company shall not be bound to issue more than one certificate in the case of a share held jointly by several persons and delivery of a certificate to one of the joint holders shall be sufficient delivery to all.

18. Replacement of share certificates

If a share certificate is damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued to the holder (i) upon request, subject to delivery up of the old certificate, or (ii), if alleged to have been lost, stolen or destroyed, upon compliance with such conditions as to evidence and indemnity and the payment of the expenses reasonably incurred by the Company in investigating evidence or otherwise in connection with the request as the Directors may think fit.

CALLS ON SHARES

19. Power to make calls

The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of the nominal value or premium) subject to the terms of allotment of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

20. Liability for calls

Each member shall (subject to receiving at least 14 clear days' notice specifying the time and place of payment) pay to the Company as required the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect of those shares. A call may be wholly or partly revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable for calls notwithstanding the subsequent transfer of the shares in respect of which the call was made.

21. Interest on overdue amounts

If a sum called in respect of a share is not paid before or on the day appointed for payment of it, the person from whom the sum is due shall pay interest on the sum unpaid from the day appointed for payment of it to the time of actual payment at such rate (not to exceed 15 per cent. per annum) as the Directors determine. The Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.

22. Other sums due on shares

Any sum payable in respect of a share (whether in respect of the nominal value or premium) which becomes payable upon allotment or at any fixed date shall be deemed to be a call duly made and payable on the date on which by the terms of allotment the same becomes payable.

In case of non-payment all the relevant provisions of these Articles shall apply as if such sum had become payable by virtue of a call duly made and notified.

23. Power to differentiate between holders

On the allotment of shares the Directors may not differentiate between the holders as to the amount of calls to be paid and the times of payment except with the prior approval of the holders of not less than 75 per cent. of the 'A' Shares and 75 per cent. of the 'B' Shares.

VARIATION OF RIGHTS

24. Manner of variation of rights

24.1 Subject to the Act, the special rights attached the 'A' Shares and the 'B' Shares may only be varied or abrogated either with:

- (a) the written consent of the holders of three-quarters in nominal value of the issued 'A' Shares and of the holders of three-quarters in nominal value of the issued 'B' Shares; or
- (b) with the sanction of an extraordinary resolution passed at separate meetings of the holders of 'A' Shares and the holders of 'B' Shares;

and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up.

24.2 To every such separate meeting as is referred to in Article 24.1 all the provisions of these Articles relating to general meetings and to the proceedings thereat shall apply *mutatis mutandis*, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class (but so that at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum) and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him.

24.3 This Article 24 (*Manner of variation of rights*) shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

25. Matters constituting variation of rights

The special rights attached to the 'A' Shares and the 'B' Shares shall be deemed to be varied by:

- (a) the cancellation of any capital paid up on any shares;
- (b) any increase reduction, sub-division, consolidation or other alteration in the authorised or issued share capital of the Company or any of the rights attaching to any share capital;
- (c) any agreement to grant any options for the issue of any share of the Company;
- (d) the purchase or redemption by the Company of any of its own shares;

- (e) any alteration to the memorandum of association or articles of association of the Company;
- (f) any proposal for, or the passing of, a resolution to approve the winding up or dissolution of the Company; or
- (g) any proposal for, or the passing of, a resolution to approve a merger, consolidation or transfer of all or substantially all of the assets of the Company.

TRANSFER OF SHARES

26. Certain Definitions

For the purposes of this Article 26 (*Certain Definitions*) and Articles 27 (*Permitted Transfers*), 28 (*Transfers Within the Same Group: Transfer on Cessation of Group Relationship*), 29 (*Non-Permitted transfers: Pre-Emption Provisions*) and Compulsory transfers etc.):

“**company**” includes any body corporate;

“**member of the same group**” means a company which is from time to time a holding company of which the Transferor is a subsidiary or a subsidiary of the Transferor or of any holding company of which the Transferor is a subsidiary;

“**Permitted Transfer**” means a transfer of shares expressly authorised by Article 27 (*Permitted Transfers*);

“**Prescribed Period**” means the period described in Article 29.6;

“**Prescribed Price**” means (i) such price as may be agreed between all the members for the purposes of the proposed transfer in question or calculated in accordance with any procedures agreed between all the members (and notified by the members to the Directors) or, in the absence of any such agreement, (ii) the price determined by the auditors of the Company in accordance with the provisions of Article 29.5, provided that for the purposes of any deemed Transfer Notice pursuant to Article 28 (*Transfers Within the Same Group: Transfer on Cessation of Group Relationship*), the Prescribed Price shall be the lesser of the price determined in accordance with (ii) aforesaid and the amount paid up (including any premium) on the Transfer Shares and further provided that in the case of (i) and (ii) aforesaid any dividend or other distribution declared or made on the Transfer Shares on or after the date of agreement or determination of the price shall be deducted from such price and be treated as an adjustment thereto (provided that the price per Transfer Share shall not be reduced to less than the nominal value thereof);

“**Purchasers**” means members or other persons chosen by the Directors who agree to purchase the Transfer Shares (or any of them), and “**Purchaser**” means any such member or other person;

“**Relevant Shares**” means (so far they are held by any person(s) being the holder(s) of them on the adoption of these Articles or by any person(s) in consequence of a transfer or series of transfers of shares to such person(s) pursuant to Article 27 (*Permitted Transfers*)) the shares originally held by or transferred to such person(s) and any additional shares issued to such person(s) by way of capitalisation or acquired by such person(s) in exercise of any right or option granted or arising by virtue of the holding of those original shares or any of them or the membership conferred by those original shares.

"Transfer Notice" means a written notice from a Transferring Member to the Company that he desires to transfer or dispose of shares, or an interest in shares, in the Company;

"Transfer Shares" means the shares comprised in any Transfer Notice or deemed Transfer Notice;

"Transferee" means a company for the time being holding shares in consequence (directly or indirectly) of a transfer or series of transfers of shares between companies which, at the time of transfer between them, were a member of the same group;

"Transferor" means a member, being a body corporate, which has transferred or proposes to transfer shares to a member of the same group pursuant to paragraph (b) of Article 27 (*Permitted Transfers*); and

"Transferring Member" means a person proposing to transfer or dispose of shares.

27. Permitted Transfers

Subject to the provisions of Articles 27 (*Permitted Transfers*), 30 (*Compulsory transfers etc.*), 32 (*Registration of Transfers etc*) and 35 (*Charge over Shares*), any share or any interest in any share may be transferred only in the following circumstances:

- (a) to a member holding shares of the same class; or
- (b) a member being a body corporate may at any time transfer all of the shares held by it to a member of the same group;
- (c) to any person with the written consent of all the other members of the Company.

28. Transfers Within the Same Group: Transfer on Cessation of Group Relationship

Where shares have been transferred under paragraph (b) of Article 27 (*Permitted Transfers*) (whether directly or by a series of transfers thereunder) from a body corporate (the original such body corporate being the **"Transferor Company"**) to a member of the same group (the **"Transferee Company"**) and subsequently the Transferee Company ceases to be a member of the same group as the Transferor Company then the Transferee Company shall forthwith (i) notify the Directors of such fact and (ii) transfer the Relevant Shares to the Transferor Company or to any persons to whom the shares may be transferred under paragraphs (a) or (c) of Article 27 (*Permitted Transfers*) and failure to transfer such shares within 28 days of the Transferee Company ceasing to be a member of the same group as the Transferor Company shall result in a Transfer Notice being deemed immediately to be given in respect of the Relevant Shares and pending the completion of the transfer of such shares they shall carry no rights whatever (whether as to voting, dividend or otherwise) unless the Directors determine otherwise.

29. Non-Permitted transfers: Pre-Emption Provisions

- 29.1 Except in the case of a Permitted Transfer, the right to transfer shares or to dispose of any shares or any interest in shares in the Company shall be subject to the following restrictions and provisions.
- 29.2 A member may at any time transfer all (but not some only) of its shares in the Company to any person for cash payable in full on completion of such transfer (and, for the avoidance of doubt, not payable on any deferred basis) in accordance with the following provisions of this Article 29 (*Non-Permitted transfers: Pre-Emption*

Provisions) provided that, save with the prior approval of the holders of not less than 75 per cent. of the 'A' Shares, no transfer of any 'B' Shares may be made or be permitted whilst any loans made by any of the holders of the 'A' Shares or made by any member of the same group as any holder of 'A' Shares to the Company or to any subsidiary company of the Company shall remain outstanding.

- 29.3 Before transferring or disposing of any shares or any interest in any shares the Transferring Member shall give a Transfer Notice to the Company. The Transfer Notice shall constitute the Company his agent for the sale of Transfer Shares (together with all rights then attached to those shares) at the Prescribed Price during the Prescribed Period to any member or to any other person selected or approved by the Directors in accordance with the provisions of this Article 29 (*Non-Permitted transfers: Pre-Emption Provisions*).
- 29.4 Subject as hereinafter provided, a Transfer Notice once given, or deemed given for the purposes of Article 28 (*Transfers Within the Same Group: Transfer on Cessation of Group Relationship*) shall not be revocable except with the consent of the Directors (which must include the consent of both an 'A' Director and a 'B' Director), provided that except in the case of a Transfer Notice given or deemed to be given under Article 28 (*Transfers Within the Same Group: Transfer on Cessation of Group Relationship*) aforesaid if the Prescribed Price is the price determined by the auditors pursuant to Article 29.5 the Transferring Member may revoke and withdraw the Transfer Notice within 14 days following notification to the Transferring Member of that determination.
- 29.5 Unless the Transfer Notice specifies the price per Transfer Share (and such price shall have been agreed between all the members for the purposes of the transfer the subject of such Transfer Notice, and notified to the Directors), as soon as practicable (and in any event within 14 days following receipt of the Transfer Notice, or, in the case of a Transfer Notice deemed to be given pursuant to Article 30.4, within 14 days of the Directors becoming aware of the circumstance giving rise to such deemed Transfer Notice), the Directors shall request the auditors of the Company to determine the sum per share considered by them to be the fair value of the Transfer Shares as at the date on which the Transfer Notice was given, or deemed given. In determining the fair value, the auditors shall act at the cost and expense of the Company as experts and not as arbitrators and their determination shall be final and binding on all persons concerned and in the absence of fraud or manifest error the auditors shall be under no liability to any such person by reason of their determination or by anything done or omitted to be done by the auditors for the purposes thereof or in connection therewith. For the purpose of determining the fair value the auditors shall assume (i) that the sale of the Transfer Shares is as between a willing seller and a willing buyer, (ii) that no adjustments should be made to take into account the fact that the transfer Shares represent a minority or a majority holding of shares in the Company or of any class of shares in the Company, (iii) that each 'A' Share and each 'B' Share has the same value and (iv) that, unless the Company has ceased carrying on business, the Company will continue as a going concern.
- 29.6 If the Prescribed Price was agreed prior to the date on which the Transfer Notice was given, the Prescribed Period shall commence on such date and expire three months later. If the Prescribed Price was determined by the auditors in accordance with Article 29.5, the Prescribed Period shall commence on the date on which the auditors notified the Directors of their determination of the Prescribed Price (pending which the Directors shall defer the making of the offer) and shall expire three months later.

- 29.7 In the case of the Transfer Shares being 'A' Shares, such Transfer Shares shall be offered by written notice by the Company to all the members holding 'B' Shares, and in the case of the Transfer Shares being 'B' Shares such Transfer Shares shall be offered by written notice by the Company to all the members holding 'A' Shares, in each case for purchase at the Prescribed Price. Such offer shall be on terms that in case of competition the shares so offered shall be sold to the acceptors in proportion to their existing holdings of, in the case of offerees who are holders of 'A' Shares, 'A' Shares, and in the case of offerees who are holders of 'B' Shares, 'B' Shares or as nearly as may be without involving fractions or increasing the number sold to any member beyond that applied for by him. Such offer shall prescribe a time (not being less than 21 days nor more than 45 days) within which it must be accepted or in default will lapse.
- 29.8 Any shares not accepted by any offeree pursuant to Article 29.7 may be offered by the Directors to such persons as they may think fit for purchase at the Prescribed Price.
- 29.9 If a Purchaser or Purchasers gives or give written notice to the Transferring Member agreeing to purchase the shares concerned or any of them within the Prescribed Period, the Transferring Member shall be bound to transfer such shares to the Purchaser or respective Purchasers upon payment of the Prescribed Price. Every such notice shall state the name and address of the Purchaser and the number of shares agreed to be purchased by him. The purchase shall be completed at a place and time to be appointed by the Directors not being less than three days nor more than 10 days after the date of such notice. This Article 29.9 shall not apply (except in the case of transfers required pursuant to Article 28 (*Transfers Within the Same Group: Transfer on Cessation of Group Relationship*)) unless a Purchaser or Purchasers have agreed to purchase all of such shares.
- 29.10 If a Transferring Member fails or refuses to transfer any shares to a Purchaser in accordance with Article 29.9, the Directors may authorise some person (who may be a Director) to execute and deliver the necessary transfer on his behalf. The Company may receive the purchase money in trust for the Transferring Member and cause the Purchaser to be registered as the holder of such shares. The receipt of the Company for the purchase money shall be a good discharge to the Purchaser (who shall not be bound to see to the application of those moneys) and after the Purchaser has been registered in purported exercise of these powers the validity of the proceedings shall not be questioned by any person.
- 29.11 If the Company:
- (a) does not find Purchasers within the Prescribed Period and gives written notice thereof to the Transferring Member; or
 - (b) gives written notice to the Transferring Member within the Prescribed Period that the Company has no prospect of finding Purchasers for all of the shares;

then the Transferring Member, at any time during two months after the end of the Prescribed Period, may transfer those shares to any person on a bona fide sale at any price not being less than the Prescribed Price (after deducting, where appropriate, any dividend or other distribution declared or made on or after the date of the Transfer Notice to be retained by the Transferring Member). Provided that the Directors may require to be satisfied that such shares are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer without any deduction, rebate or

allowance whatsoever to the Purchaser and if not so satisfied may refuse to register the instrument of transfer.

30. Compulsory transfers etc.

- 30.1 No share and no interest in any share shall be held by any member as a bare nominee for or sold or disposed of to any person unless a transfer of such share to such person would rank as a Permitted Transfer. If this Article 30 (*Compulsory transfers etc.*) is infringed then the holder of such share (or his personal representative if appropriate) shall be bound to give a Transfer Notice in respect of that share.
- 30.2 If any member (being a corporation) shall, other than as a part of a solvent liquidation or reorganisation of any member of the same group, enter into liquidation (compulsorily or voluntarily) or have an administrator appointed or have a receiver, administrative receiver or similar official appointed of the whole or any part of its assets (or such member suffers any analogous procedure or event in any jurisdiction), the Directors may require such member to give to the Company a Transfer Notice in respect of all of the shares registered in the name of that member.
- 30.3 For the purpose of ensuring that a transfer of shares is a Permitted Transfer or that no circumstances have arisen whereby a Transfer Notice is required to be given in accordance with this Article 30 (*Compulsory transfers etc.*) the Directors may from time to time require any member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the Directors may think fit regarding any matter which they may deem relevant to such purpose.
- 30.4 In any case where the Directors have required a Transfer Notice to be given in respect of any shares and such Transfer Notice is not given within one month, or such longer period as the Directors may allow for the purpose, such Transfer Notice shall (except and to the extent that a Permitted Transfer of any of such shares shall have been lodged) be deemed to have been given on such date after the expiration of the said period as the Directors may by resolution determine and the provisions of Article 29 (*Non-Permitted transfers: Pre-Emption Provisions*) shall take effect accordingly.

31. Form of transfer

All transfers of shares may be effected by written transfer in any usual or common form or in any other form acceptable to the Directors and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register in respect thereof. All instruments of transfer which are registered may be retained by the Company.

32. Registration of Transfers etc

- 32.1 Except in the case of a transfer permitted by Article 27 (*Permitted Transfers*), required by Article 28 (*Transfers Within the Same Group: Transfer on Cessation of Group Relationship*) or Article 30 (*Compulsory transfers etc.*) or in accordance with Article 29 (*Non-Permitted transfers: Pre-Emption Provisions*), no transfer of a share shall be registered without the sanction of an effective resolution of the Directors and if such sanction is not given or refused within eight weeks after the transfer is lodged for registration the sanction shall be deemed to have been refused at the expiration of such period and the transferee shall be notified accordingly.

- 32.2 The Directors may decline to recognise any instrument of transfer relating to shares unless it is in respect of only one class of share and is lodged (duly stamped if required) at the Office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).
- 32.3 The Directors shall not refuse to register any transfer of a share which is a Permitted Transfer under these Articles, but may in their absolute discretion and without assigning any reason therefore refuse to register any transfer of shares (not being fully-paid shares) to a person of whom they do not approve or of a share on which the Company has a lien.
- 32.4 If the Directors refuse to register an allotment or transfer of shares they shall within two months after the date on which the letter of allotment or instrument of transfer was lodged with the Company send to the allottee or transferee notice of the refusal.

33. No fee on registration

No fee will be charged by the Company in respect of the registration of any transfer or other document relating to or affecting the title to any shares.

34. Closure of Register

The registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any year) as the Directors may from time to time determine.

CHARGE OVER SHARES

35. Charge over Shares

No member shall without the prior written consent of the Directors create or permit to exist any charge, pledge, lien or other encumbrance (each, a "**Charge**") over any of his shares or agree to do any of such things. Any consent of the Directors under this Article may only be given subject to the following conditions:

- 35.1 such member shall remain the registered holder of the shares which are the subject of the Charge (the "**Charged Shares**") and the terms of the Charge shall not, until enforcement of that Charge, place the member under any obligation to exercise any of the voting rights attached to the Charged Shares in accordance with the directions or subject to the consent of the person entitled to the Charge (the "**Chargee**") or any other person;
- 35.2 in the event that the Chargee shall become entitled to realise his security or otherwise exercise his rights as Chargee and seeks to do so, such member shall be deemed to have immediately given a Transfer Notice in respect of all the Charged Shares;
- 35.3 the Chargee enters into direct covenants with the Company and the members to give effect to any transfer of the Charged Shares pursuant to Article 27 (*Permitted Transfers*) which arises as a result of a deemed Transfer Notice free from the charge; and
- 35.4 the Company shall receive the sale proceeds in respect of any transfer mentioned in this Article 35 (*Charge over Shares*) and shall remit those proceeds to the Chargee (or as he shall direct) against receipt of a binding release of the charge and delivery of the

certificates relating to the Charged Shares and any transfers thereof executed by the registered holders thereof, but the Company shall not be liable to see to the application of such proceeds.

TRANSMISSION OF SHARES

36. Persons entitled on death

If a member dies, the survivor(s) where he was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares. Nothing in this Article 36 (*Persons entitled on death*) shall release the estate of a deceased member (whether sole or joint) from any liability in respect of any share held by him.

37. Election by persons entitled by transmission

A person becoming entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of law, upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, may either be registered himself as holder of the share upon giving to the Company written notice to that effect or have some other person nominated by him registered as the transferee. All these Articles relating to the right to transfer and the registration of transfers of shares shall apply to the notice or transfer as if the notice or transfer were a transfer made by the member registered as the holder of any such share.

38. Rights of persons entitled by transmission

Save as otherwise provided by these Articles, a person becoming entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of law shall be entitled to the same dividends and other rights as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect of it (except with the authority of the Directors) to attend or vote at any shareholders' meetings until he shall have been registered as a member in respect of the share.

GENERAL MEETINGS

39. Annual and Extraordinary General Meetings

An Annual General Meeting shall be held not more than 18 months after the incorporation of the Company and subsequently once in every year, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other general meetings shall be called Extraordinary General Meetings.

40. Convening of General Meetings

The Directors may call general meetings whenever they think fit, and, on requisition of the members in accordance with the Act, shall convene an Extraordinary General Meeting for a date not later than eight weeks after receipt of the requisition. If insufficient Directors are within the United Kingdom to call a general meeting, any Director or Member may call a general meeting.

NOTICE OF GENERAL MEETINGS

41. Notice of General Meetings

An Annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a special resolution or a resolution appointing a person as a Director or (save as provided by the Act) a resolution of which special notice has been given to the Company, shall be called by at least 21 clear days' notice and any other Extraordinary General Meeting by at least 14 clear days' notice. The notice shall be given to all members other than those not entitled to receive such notices from the Company under these Articles. A general meeting may be called by a 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 an Extraordinary General Meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

42. Contents of notice of General Meetings

Every notice calling a general meeting shall specify the time and place of the meeting and the general nature of the business to be transacted at the meeting. If any resolution is to be proposed as an Extraordinary resolution or as a special resolution, the notice shall contain a statement to that effect. In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

PROCEEDINGS AT GENERAL MEETINGS

43. Chairman

The chairman, failing whom another Director nominated by the Directors, shall preside as chairman at a general meeting. If there is no such chairman or other Director, or if at any meeting neither is present and willing to act within five minutes after the time appointed for holding the meeting, the Directors present shall choose one of their number to be chairman of the meeting. If no Director is present or if all the Directors present decline to take the chair, the members present and entitled to vote shall choose one of their number to be chairman of the meeting. The chairman at any general meeting shall not be entitled to a second or casting vote.

44. Quorum

Subject to these Articles, the quorum at any general meeting shall be two or more members present in person or by proxy including one person being or representing a holder of 'A' Shares and one person being or representing a holder of 'B' Shares. No business shall be transacted at any general meeting unless a quorum is present.

45. Lack of quorum

If a quorum is not present within half an hour from the time appointed for a general meeting, or if a quorum ceases to be present during the meeting, the meeting shall be adjourned to the same day 3 business days later at the same time and place. If at any adjourned meeting such a quorum is not present within half an hour from the time appointed for the adjourned meeting the meeting shall be dissolved.

46. Adjournment

The chairman of any general meeting at which a quorum is present may adjourn the meeting with the consent of the meeting (and shall if directed by the meeting) from time to time and from place to place. No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for 14 days or more, at least seven clear days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting. In all other cases, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

POLLS

47. Demand for poll

47.1 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded (before a resolution is put to the vote on a show of hands or on the declaration of the result of the show of hands) by:

- (a) the chairman of the meeting; or
- (b) any member present in person or by proxy and entitled to vote.

47.2 A demand for a poll may, be withdrawn before the poll is taken only with the consent of the chairman. A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made and the meeting shall continue as if the demand had not been made.

48. Procedure on a poll

A poll shall be taken in such manner as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may appoint scrutineers (who need not be members) and fix a place and time for the purpose of declaring the result of the poll.

49. Voting on a poll

On a poll votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

50. Timing of poll

A poll demanded on the choice of a chairman or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such later time and place as the chairman may direct not being more than 30 days after the poll was demanded. No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In all other cases seven clear days notice shall be given specifying the time and place at which the poll is to be taken. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

51. Written resolutions

A written resolution signed by or on behalf of each member who would have been entitled to vote upon it had it been proposed at a general meeting or meeting of any class of members at

which he was present shall be as valid and effectual as a resolution duly passed at a general meeting duly convened and held and may consist of several documents in the like form each signed by one or more members. In the case of a corporation, a written resolution may be signed on its behalf by a Director or the Secretary thereof or by its duly appointed attorney or duly authorised representative.

VOTES OF MEMBERS

52. Votes attaching to shares

At a general meeting, on a show of hands every member who is present in person or by proxy shall have one vote, and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder; Provided that:

- (a) no 'A' Shares shall confer any right to vote upon a resolution for the removal from office of a 'B' Director, and no 'B' Shares shall confer any right to vote upon a resolution for the removal from office of a 'A' Director; and
- (b) if at any meeting any holder of shares is not present in person or by proxy the votes exercisable on a poll in respect of the shares of the same class held by members present in person or by proxy shall be pro tanto increased (fractions of a vote by any member being permitted) so that such shares shall together entitle such members to the same aggregate number of votes as could be cast in respect of all the shares of that class if all the holders thereof were present.

53. Restriction on voting in particular circumstances

Unless the Directors otherwise determine, no member shall be entitled in respect of any share held by him to vote either personally or by proxy at a shareholders' meeting or to exercise any other right conferred by membership in relation to shareholders' meetings if any call or other sum presently payable by him to the Company in respect of that share remains unpaid.

54. Voting by guardian

Where in England or elsewhere a guardian, receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such guardian, receiver or other person on behalf of such member to vote in person or by proxy at any shareholders' meeting or to exercise any other right conferred by membership in relation to shareholders' meetings.

55. Validity and result of vote

- 55.1 No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.
- 55.2 Unless a poll is taken, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect is made in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution.

PROXIES AND CORPORATE REPRESENTATIVES

56. Proxy need not be a member

A proxy need not be a member of the Company.

57. Form of proxy

An appointment of a proxy must be in writing in any usual or common form or in any other form which the Directors may approve and:

- (a) in the case of an individual either must be signed by the appointor or his attorney; or
- (b) in the case of a corporation either must be given under its common seal or be signed on its behalf by an attorney or a duly authorised officer of the corporation.

The signature on such appointment need not be witnessed. Where the appointment of a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a copy of it certified notarially or in some other way approved by the Directors must (failing previous registration with the Company) be submitted to the Company, failing which the appointment may be treated as invalid.

58. Rights of proxy

A proxy shall have the right to demand or join in demanding a poll. The deposit of an instrument of proxy shall not preclude a member from attending and voting at a meeting or at any adjournment of a meeting.

59. Revocation of proxy

A vote cast or poll demanded by proxy shall not be invalidated by the previous death or insanity of the member or by the revocation of the appointment of the proxy or of the authority under which the appointment was made unless written notice of such death, insanity or revocation was received by the Company at the Office before the commencement of 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) the time appointed for the taking of the poll at which the vote is cast.

60. Receipt of form of proxy

60.1 The appointment of a proxy must either:

- (a) be received at such address (if any) specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) 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 and in default shall not be treated as valid; or
- (b) be received by 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.

60.2 The appointment of a proxy in accordance with Article 57 (*Form of proxy*) shall be valid for any adjournment of the meeting as well as for the meeting to which it relates unless the instrument states otherwise. An appointment relating to more than one meeting (including any adjournment of any such meeting) need only be delivered once and need not be delivered for the purposes of any subsequent meeting to which it relates.

61. Corporations acting by representatives

Any corporation which is a member may authorise such person as it thinks fit by resolution of its directors or other governing body to act as its representative at any shareholders' meeting. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

DIRECTORS

62. Number of Directors

The number of Directors shall not exceed 6 or such other even number as the Company may from time to time by ordinary resolution determine and the minimum number of Directors shall be two.

63. Share qualification

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at shareholders' meetings.

64. Directors' remuneration

The remuneration of the Directors for their services acting as such shall from time to time be determined by the Directors provided that the aggregate amount of such remuneration shall not exceed such amount as may be sanctioned by an ordinary resolution of the Company the determined by the Company (and in the event that no amount shall be so sanctioned the Directors shall not be entitled to any such remuneration). Such remuneration shall be deemed to accrue from day to day. Any Director who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the Directors may, with the prior sanction of an ordinary resolution of the Company determine.

65. Directors' expenses

A Director may be paid all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or shareholders' meetings or otherwise in connection with the business of the Company.

APPOINTMENT AND REMOVAL OF DIRECTORS

66. Appointment of Directors

66.1 The holders of the 'A' Shares may from time to time appoint a maximum of 3 persons to be Directors and these Directors shall be called "**A' Directors**". The holders of the

'B' Shares may from time to time appoint a maximum of 3 persons to be Directors and these Directors shall be called "**'B' Directors**". Not more than one-half of the *maximum number of Directors for the time being authorised shall be 'A' Directors* and not more than one-half of such maximum number of Directors for the time being authorised shall be 'B' Directors.

66.2 The appointment of any 'A' Director or any 'B' Director shall be effected by written notice thereof signed by or on behalf of the holders of the 'A' Shares or of the 'B' Shares, as the case may be, and shall take effect upon delivery of such notice to the Office of the Company or to the chairman of any meeting of the Directors at the commencement of, or during, any meeting of the Directors. In the case of a corporation such written notice may be signed on its behalf by a director or other officer thereof or by its duly appointed attorney or duly authorised representative.

66.3 No person may be appointed as a Director unless he be either an 'A' Director or a 'B' Director.

67. Vacation of office

67.1 The office of a Director shall be vacated if:

- (a) he is removed from office by the holders of a majority of the class of shares which appointed him and such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages *for breach of any contract of service between him and the Company*;
- (b) he shall resigns by notice to the Company;
- (c) he shall becomes prohibited by law from acting as a Director;
- (d) he becomes bankrupt or makes any arrangement or composition with his creditors generally; and
- (e) *in England or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs.*

67.2 The Directors shall not be subject to retirement by rotation.

ALTERNATE DIRECTORS

68. Appointment of alternate Directors

68.1 Any Director (other than an alternate Director) may at any time by notice in writing and served on the Company at its Office, or delivered at the commencement of, or during, a meeting of the Directors, appoint any person (including another Director) who is willing to act, to be the alternate Director of such Director (and such alternate Director shall be deemed to be an 'A' Director or 'B' Director according to the classification of the Director so appointing him, but for the purposes of Article 62 (*Number of Directors*) such Director and such alternate Director shall count as only one Director for the purposes of the numerical limits specified therein. Any Director so appointing an alternate Director may remove from office an alternate Director appointed by him in the same manner. The same person may be appointed as the

alternate Director of more than one Director and may for this purpose (if appointed by both an 'A' Director and by a 'B' Director) be deemed to be both an 'A' Director and a 'B' Director.

- 68.2 The appointment of an alternate Director shall cease on the happening of any event which if he were a Director would cause him to vacate such office or if the Director of whom he is the alternate ceases to be a Director.

69. Attendance and notice of meetings, Responsibility and Resolutions

- 69.1 An alternate Director shall be entitled to receive notices of meetings of the Directors and of all committees of Directors of which his appointor is a member and shall be entitled to attend and vote and be counted in the quorum at any such meeting at which his appointor is not personally present and generally to perform all the functions of his appointor in his absence.
- 69.2 If an alternate Director shall be himself a Director or shall attend any such meeting as an alternate for more than one Director his voting rights shall be cumulative.
- 69.3 Save as otherwise provided in these Articles, an alternate Director shall not have power to act as a Director and shall not be deemed to be a Director for the purposes of these Articles, and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of his appointor.
- 69.4 A resolution signed by an alternate Director need not also be signed by his appointor and, if it is signed by his appointor, it need not be signed by the alternate Director in that capacity.

70. Alternate Directors' interests and remuneration

An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to the Director of whom he is the alternate as such Director may by written notice to the Company from time to time direct.

MEETINGS AND PROCEEDINGS OF DIRECTORS

71. Convening of meetings of Directors

Subject to these Articles, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their proceedings as they think fit. At any time any Director may, and the Secretary at the request of a Director shall, summon a meeting of the Directors. Any Director may waive notice of any meeting and any such waiver may be retroactive.

72. Notice of Directors' meetings

- 72.1 Unless otherwise agreed in writing by a majority of both the 'A' Directors and the 'B' Directors in any particular case, at least ten clear days' written notice shall be given to each Director of every meeting of the Directors.
- 72.2 Each such notice shall (i) be sent to the address notified from time to time by each Director to the Secretary as his address for the service of such notices (of if no

address has been so supplied, to his last known address); (ii) contain an agenda specifying in reasonable detail the matters to be discussed at the relevant meeting; (iii) be accompanied by any relevant papers for discussion at such meeting; and (iv) if sent to an address outside the United Kingdom, be sent by courier or facsimile transmission or electronic transmission.

73. Quorum

The quorum at a meeting of Directors shall be one 'A' Director and one 'B' Director. If within half an hour of the time appointed for the holding of any meeting of the Directors either an 'A' Director or a 'B' Director shall not be present the Director(s) present shall resolve to adjourn that meeting to a specified place and time (which shall not be earlier than three days after the date originally fixed for the meeting). At such adjourned meeting the quorum necessary for the transaction of the business of the Directors shall be any two Directors. An alternate Director shall be counted in the quorum in the same capacity as his appointor but so that not less than two individuals will constitute the quorum.

74. Directors' resolutions

All business arising at any meeting of the Directors or of any committee of the Directors shall be determined only by resolution. No such resolution shall be effective unless carried by a majority including at least one 'A' Director and one 'B' Director. If at any meeting of the Directors or of any committee of the Directors there shall be an unequal number of 'A' Directors and 'B' Directors then the aggregate votes of each such class of Director capable of being cast at such meeting shall be deemed the same (with each individual Director of such class present at such meeting having an equal proportion thereof). In the event of an equal number of votes being cast on any matter voted on by the Directors or any committee of Directors, the 'A' Directors present at such meeting shall collectively have a casting vote (and in the event of any disagreement amongst the 'A' Directors so present as to how such vote shall be cast, the majority (if any) shall prevail).

75. Telephone board meetings

The Directors, and any committee of the Directors, shall be deemed to meet together if, being in separate locations, they are linked by conference telephone or other communication equipment which allows those participating to hear and speak to each other, and a quorum in that event shall be one 'A' Director and one 'B' Director so linked. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting is.

76. Chairman

76.1 The Chairman of the board of Directors shall be appointed by the Directors. If no Chairman shall have been appointed, or if at any meeting of the Directors no Chairman shall be present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be Chairman of the meeting. The Chairman shall not be entitled to a second or casting vote.

76.2 The appointment of any Director to the office of Chairman, managing director or chief executive officer shall automatically cease if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

77. Number of Directors below minimum

The continuing Director(s) may act notwithstanding any vacancies, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles the continuing Directors or Director may act for the purpose of summoning general meetings, but not for any other purpose. If there be no Directors or Director able or willing to act, then any two members may summon a general meeting for the purpose of appointing Directors.

78. Written resolutions

A written resolution signed by all the Directors entitled to vote thereon (being not less in number than a quorum for meetings of the Directors) shall be as valid and effectual as a resolution passed at a meeting of the Directors or of any committee of the Directors and may consist of several documents in the like form each signed by one or more Directors.

79. Validity of proceedings

All acts done by any meeting of Directors, or of any committee of the Directors, or by any person acting as a Director or as a member of any such committee shall 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 as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any Director, or that any of them were disqualified or had vacated office, or were not entitled to vote.

80. Minutes of Meetings

The Directors shall cause minutes to be made in books kept for the purpose of:

- (a) all appointments of officers made by the Directors; and
- (b) all proceedings at shareholders' meetings and at meetings of the Directors and of committees of Directors, including the names of the Directors present at each such meeting.

COMMITTEES OF THE DIRECTORS

81. Appointment and Constitution of Committees

81.1 The Directors may delegate any of their powers or discretions to committees consisting of two or more Directors. A committee of the Directors shall include at least one 'A' Director and one 'B' Director and the quorum for a meeting of any such committee shall be at least one 'A' Director and one 'B' Director.

81.2 Insofar as any such power or discretion of the Directors is delegated to a committee, any reference in these Articles to the exercise by the Directors of the delegated power or discretion shall be read and construed as if it were a reference to the exercise of that power or discretion by such committee. In exercising its delegated powers any committee shall conform to any regulations which may from time to time be imposed by the Directors.

82. Proceedings of committee meetings

The meetings and proceedings of any such committee consisting of two or more persons shall be governed *mutatis mutandis* by the provisions of these Articles regulating the meetings and

proceedings of the Directors, so far as these Articles are not superseded by any regulations made by the Directors under Article 81 (*Appointment and Constitution of Committees*)

DIRECTORS' INTERESTS

83. Directors may have interests

Subject to 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 contract, 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 contract, 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, save as otherwise agreed by him, be accountable to the Company for any benefit which he derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate or for such remuneration and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

84. Interested Directors right to vote etc.

Subject to Article 86 (*Restrictions on voting*) a Director may vote and be taken into account for the purposes of a quorum on any matter in which he is in any way interested 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 of that matter.

85. Determination of "Materiality"

If a question arises at any time as to the materiality of a Director's interest for the purpose of these Articles or as to his entitlement to vote which is not resolved by his voluntarily agreeing to abstain from voting, that question shall be referred to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive except in a case where the nature or extent of the interest of such Director has not been fairly disclosed.

86. Restrictions on voting

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any body corporate in which the Company is interested, the proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

87. Directors' interests - general

For the purposes of these Articles:

- (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 contract, 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 contract, transaction or arrangement of the nature and extent so specified;

- (b) an interest of a person who is connected (within the meaning of Section 346 of the Act) with a Director shall be treated as an interest of the Director; and
- (c) an interest (whether of his or of such a connected person) 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.

88. Disclosure of Information to Shareholders

Any 'A' Director or 'B' Director shall be entitled to disclose to the holders (or any of them) of the 'A' Shares or 'B' Shares (as the case may be) which appointed him as Director such information concerning the business and affairs of the Company as he sees fit.

POWERS OF DIRECTORS

89. General Powers

The business and affairs of the Company shall be managed by the Directors, who may exercise all such powers of the Company subject to these Articles, to the Act and to any directions given by special resolution of the Company, but no direction so made by the Company shall invalidate any prior act of the Directors which would have been valid if such direction had not been made. The general powers given by this Article 84 (*Interested Directors right to vote etc.*) shall not be limited or restricted by any special authority or power given to the Directors by any other Article.

90. Appointment of attorney

The Directors may from time to time and at any time by power of attorney or otherwise appoint any person to be the agent of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and may also authorise any such agent to delegate all or any of the powers, authorities and discretions vested in him.

91. Borrowing powers

Subject to the Act and to approval by ordinary resolution of the members, the Directors may exercise all the powers of the Company to borrow and raise money, and to mortgage or charge all or part of its undertaking, property (present and future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

SECRETARY

92. Secretary

Subject to the Act, the Secretary shall be appointed by the Directors on such terms and for such period as they may think fit. Any Secretary so appointed may at any time be removed from office by the Directors, but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

DIVIDENDS

93. Final dividends

Subject to the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors.

94. Interim dividends

Subject to the Act, if and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may pay interim dividends. If the share capital is divided into different classes, the Directors may 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 dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The Directors may also pay interim dividend on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit. Provided the Directors act in good faith they shall not incur any liability to the holders of any shares for any loss they may suffer by the lawful payment, on any other class of shares having rights ranking after or *pari passu* with those shares, of any such fixed or interim dividend as aforesaid.

95. Distribution in specie

The Company may upon the recommendation of the Directors by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, 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.

96. No dividend except out of profits

No dividend shall be paid otherwise than out of profits available for distribution under the Act.

97. Ranking of shares for dividend

Unless and to the extent that the rights attached to any shares or their terms of issue otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid proportionately to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article 97 (no amount paid on a share in advance of calls shall be treated as paid on the share).

98. Manner of payment of dividends

Any dividend or other moneys payable on or in respect of a share shall be paid to the member or to such other person as the member (or, in the case of joint holders of a share, all of them) may in writing direct. Such dividend or other moneys may be paid (i) by cheque sent by post to the payee or, where there is more than one payee, to any one of them, or (ii) by inter-bank transfer to such account as the payee or payees shall in writing direct, or (iii) using the

facilities of a relevant system, or (iv) by such other method of payment as the member (or in the case of joint holders of a share, all of them) may agree to. Every such cheque shall be sent at the risk of the person or persons entitled to the money represented thereby, and payment of a cheque by the banker upon whom it is drawn, and any transfer or payment within (ii) or (iii) above, shall be a good discharge to the Company.

99. No interest on dividends

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

100. Retention of dividends

100.1 The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the moneys payable to the Company in respect of that share.

100.2 The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

101. Unclaimed dividend

Any dividend which has remained unclaimed for 12 years from the date on which it was declared or became due for payment shall be forfeited and shall revert to, and cease to be owing by, the Company.

CAPITALISATION OF PROFITS AND RESERVES

102. Capitalisation of profits and reserves

102.1 The Directors may, with the sanction of an ordinary 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 profit and loss account by appropriating such sum to holders of the 'A' Shares and the holders of the 'B' 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 '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
- (b) on behalf of the 'B' Shares applying that part of such sum distributable amongst them in paying up in full unissued 'B' Shares for allotment and distribution credited as fully paid up to and amongst them.

102.2 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 to 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 any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

ACCOUNTS

103. Accounting records

Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Act shall be kept at the Office, or at such other place as the Directors think fit, and shall always be open to inspection by the officers of the Company. Every member of the Company shall have the right to inspect and take copies of any account or book or document of the Company during the Company's normal hours of business.

NOTICES

104. Service of notices

- 104.1 Any notice or document (including a share certificate) may be served on or delivered to any member by the Company either personally or by sending it by post in a pre-paid envelope addressed to such member at his registered address, or (if he has no registered address within the United Kingdom) to the address, if any, within the United Kingdom supplied by him to the Company as his address for the service of notices, or by delivering it to such address addressed as aforesaid.
- 104.2 Where a notice or other document is served or sent by post (first class, if there is more than one class of post), service or delivery shall be deemed to be effected at the expiration of 48 hours after the time when the cover containing the same is posted and in proving such service or delivery it shall be sufficient to prove that such envelope was properly addressed, stamped and posted.
- 104.3 The non-receipt by any person entitled to, any notice of or other document relating to any meeting or other proceeding shall not invalidate the relevant meeting or other proceeding.
- 104.4 Any notice to be given to or by any person pursuant to these Articles shall be in writing except that a notice calling a meeting of the Directors need not be in writing.

105. Joint holders

Any notice given to that one of the joint holders of a share whose name stands first in the Register in respect of the share shall be sufficient notice to all the joint holders in their capacity as such.

106. Deceased and Bankrupt Members

A person entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of law upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also a postal address within the United Kingdom for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the said member would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid any notice or document delivered or sent to any member in pursuance of these Articles shall, notwithstanding that such member be then dead or bankrupt or in liquidation, and whether or not the Company has

notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any share registered in the name of such member as sole or first-named joint holder.

107. Statutory requirements as to notices

Nothing in Articles 104 (*Service of notices*), 105 (*Joint holders*) or 106 (*Deceased and Bankrupt Members*) shall affect any requirement of the Act that any particular offer, notice or other document be served in any particular manner.

WINDING UP

108. Distribution of assets in specie

If the Company is wound-up (whether the liquidation is voluntary, under supervision, or by the Court) the Liquidator may, with the authority of an extraordinary resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

INDEMNITY

109. Indemnity

Subject to the provisions of the Act, every Director, Secretary or other officer or auditor of the Company shall be indemnified by the Company out of its own funds against and/or exempted by the Company from all costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office 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, including funding any expenditure incurred or to be 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 or employee of the Company or any associated company.

110. Insurance

110.1 The Directors shall have the power to purchase and maintain insurance for or for the benefit of any person who is or was at any time a Director or officer of any Relevant Company (as defined in Article 110.2), or who is or was at any time a trustee of any pension fund or employees' share scheme in which employees of any Relevant Company are interested, including insurance against any liability incurred by him in respect of any act or omission in the actual or purported execution and/or discharge of his duties, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him and/or in the exercise or purported exercise of his powers and/or otherwise in relation to his duties, powers or offices in relation to any Relevant Company, or any such pension fund or employees' share scheme.

- 110.2 For the purpose of Article 110.1, "**Relevant Company**" shall mean the Company, any holding company of the Company or any other body, whether or not incorporated, in which the Company or such holding company or any of the predecessors of the Company or of such holding company has or had any interest whether direct or indirect or which is in any way allied to or associated with the Company, or any subsidiary undertaking of the Company or of any such other body.