

K. Bradbury

GLASSGOW 19th January 1987 PRIVATE COMPANY LIMITED BY SHARES  
CERT. A TRUE COPY  
M. ROBERTS  
SOLICITORS  
GLASSGOW

WRITTEN RESOLUTION  
of  
CATCHMENT HIGHLAND LIMITED

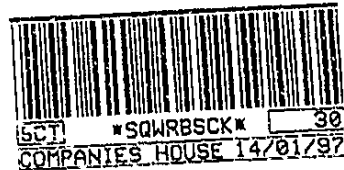
"That:-

- (a) the Regulations in the attached form and signed by the members be and are hereby adopted as the Articles of Association of the Company in substitution for the existing Articles of Association of the Company; and
- (b) the Memorandum of Association of the Company with respect to the objects thereof, be and is hereby altered by the deletion of Clause III thereof and the substitution therefor of the Clause III set out in the Schedule to this Resolution."

                      
for and on behalf of  
Catchment Limited

11<sup>th</sup> December 1996

PAGE 1



## SCHEDULE

### III. The objects for which the Company is established are:-

- (1) to procure on behalf of Catchment Limited ("Conco") the performance of the design, build and/or other obligations of Conco under an Agreement ("the Concession Agreement") entered into or to be entered into between Conco and North of Scotland Water Authority ("the Authority") in connection with a concession to be awarded by the Authority for the designing, building, ownership, operation and maintenance of the Inverness Main Drainage Scheme and the Fort William Sewerage Scheme ("Schemes") and to enter into and perform the agreements and documents ("the Other Documents") which are defined in the Concession Agreement as the Land Documents, the Financing Agreements and the Project Agreements and to which the Company is expressed to be a party and to enter into such other documents and do all things as may be required or desirable in connection with the Concession Agreement, the Other Documents and/or the designing, building, ownership, operation and maintenance of the Schemes;
- (2) to carry on any other businesses which can be advantageously or conveniently carried on by the Company by way of extension of or in connection with the above or are calculated directly or indirectly to benefit the Company or to enhance the value of or render profitable any of the Company's property or rights;
- (3) to acquire, erect, construct, lay down, enlarge, alter, maintain, improve and from time to time renew, any sewers, sewerage treatment works or

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other buildings, machinery, plant, roads and other works and to acquire either outright or by way of lease or other interest, any property or assets which in each case the Company shall consider necessary or convenient for carrying on said businesses and the purposes of the Company generally;

- (4) to apply for, purchase or otherwise acquire, and protect and renew in any part of the world any patents, patent applications, copyrights, design rights, trade marks, trade names, brands, privileges, concessions, licences, secret processes and the like which may seem capable of being used for any of the purposes of the Company, and to use, exercise, develop, prolong and grant licences of the same;
- (5) to apply for or concur with others in applying for any Provisional Order, Act of Parliament or other authority for enabling the Company to carry out all or any of its objects or for any other purpose which may seem expedient, to subscribe to the expense of obtaining the same, and to oppose or subscribe to the expense of opposing any Provisional Order, Bill or any proceedings in Parliament or elsewhere which may seem directly or indirectly to affect prejudicially the Company's interests;
- (6) to purchase or otherwise acquire the whole or any part of the undertaking, property or assets of any company or person carrying on or proposing to carry on any business which the Company is authorised to carry on or possessed of property suitable for the purposes of the Company or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the

Company, and as part of the consideration for such acquisition to undertake all or any part of the liabilities of such company or person;

- (7) to pay for any property or rights acquired by the Company in cash, by instalments, or in shares, stocks, debentures, debenture stocks or other securities, whether fully or partly paid up, of the Company, or partly in one mode and partly in another and generally on such terms as may be agreed upon;
- (8) to amalgamate or enter into partnership, or into any arrangement for sharing profits, co-operation, union of interest, reciprocal concession, joint adventure, mutual interest, or assistance or otherwise with any company or person carrying on any business or having any objects similar to or kindred with any of the businesses or objects of the Company and that in such manner and on such terms and conditions as may be found expedient;
- (9) to subscribe for, take, or otherwise acquire and hold shares, stock, debentures, debenture stock or other securities of, or other interests in, any company having any objects similar to or kindred with any of the objects of the Company or carrying on any business capable of being conducted so as directly or indirectly to benefit the Company;
- (10) (a) to promote the interests of any company which is for the time being a subsidiary, or holding company of the Company or a subsidiary of any holding company of the Company or any undertaking which is for the time being a subsidiary undertaking of the Company or of any holding company of the Company in any manner whatever and, in particular, by paying or

discharging or assuming (by way of novation or otherwise) all or any of the liabilities thereof or giving any undertaking to do so, by giving any indemnity or guarantee in respect of such liabilities and by giving any security or charge for any such indemnity and guarantee or for the payment of money or performance of obligations by any such company or undertaking as aforesaid, either with or without consideration and whether or not the Company derives any benefit other than the promotion of such interests as aforesaid to the intent that the promotion of the interests of any such company or undertaking as aforesaid shall be an object and not a power of the Company;

- (b) whether with or without the Company receiving any consideration or benefit to guarantee and give security for the payment of any principal moneys, premiums, interest and other moneys secured by or payable under securities or obligations of any company which is for the time being the Company's holding company or a subsidiary of the Company's holding company or any other company which may be promoted or established by the Company either alone or in conjunction with others or which may purchase or take over the whole or any part of the undertaking of the Company and to guarantee and give security for the payment of dividends and premiums on, and the repayment of the capital of, stocks and shares of all kinds and descriptions;

- (11) to lend and advance money or give credit to any company or person on

such terms as may be thought fit and to guarantee and give security for the payment of any moneys or the performance of any contracts, liabilities or obligations of any company or person and to become liable or responsible for money and undertake obligations of every kind and description all upon such terms as may from time to time be considered desirable in the interests of the Company;

- (12) to borrow or raise money in such manner as the Company may think fit and in particular by the issue of debentures or debenture stock and to secure the repayment of any money borrowed, raised or owing by mortgage, charge or lien upon the undertaking, property or assets of the Company or any part thereof, including its uncalled capital, and also by a similar mortgage, charge or lien to secure any debt, liability or obligation of any holding or subsidiary company of the Company or of any other company or of any person;
- (13) to receive money on deposit or temporary loan upon such terms as may be thought fit;
- (14) to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, warrants, debentures, charter parties, bills of lading, and other negotiable or transferable documents;
- (15) to invest, or deal with moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined;
- (16) to procure the Company to be registered or recognised in any part of the world outside the United Kingdom;
- (17) to establish or promote or concur in establishing or promoting any other

company for the purpose of acquiring all or any of the property, rights and liabilities of the Company or for any other purpose which may seem calculated to advance directly or indirectly the objects or interests of the Company and to place or guarantee the placing of, underwrite, subscribe for or otherwise acquire shares, stock, debentures, debenture stock or other securities of any such company;

- (18) to give or award pensions, annuities, gratuities, superannuation or other allowances or benefits, to any persons who are or have at any time been Directors of or employed by or in the service of the Company or of any company which is the holding company of, or a subsidiary company of, or allied or associated with, the Company or any such holding company or subsidiary company, and to the wives, widows, children and other relatives and dependants of any such persons; to set up, establish, support and maintain pension, superannuation and other funds or schemes (whether contributory or non-contributory) and to make payments towards insurance or other payments (either in connection with any such fund or scheme or otherwise) for the benefit of such persons or any of them or any class of them; to support or subscribe to any charitable funds or institutions the support of which may, in the opinion of the Directors, be calculated directly or indirectly to benefit the Company or its officers or employees, and to institute and maintain any club or other establishment or profit-sharing scheme calculated to advance the interests of the Company or its officers or employees; and to subscribe or guarantee money for any exhibition or for any public, general or useful object;

- (19) to sell, feu, lease, exchange, mortgage or otherwise deal with or dispose of the whole or any part of the undertaking, property or assets of the Company, or any right over or interest in the same, for such consideration, and in such manner and upon such terms and subject to such conditions, as the Company may think fit, and in particular for shares, stocks, debentures, debenture stocks or other securities, whether fully or partly paid up, of any other company;
- (20) to distribute any of the property of the Company among the Members in specie or kind;
- (21) to remunerate any company or person for services rendered or to be rendered in placing or procuring the subscription of, or otherwise assisting in the issue of, any shares, stock, debentures, debenture stock or other securities of the Company or of any company promoted by the Company;
- (22) to do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others, and either by or through agents, sub-contractors, trustees or otherwise;
- (23) to do all such other things as are incidental or conducive to the attainment of the aforesaid objects or any of them.

And it is hereby declared that in this Memorandum words denoting the singular number shall include the plural number and vice versa and the word "company", except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether incorporated or not incorporated and whether domiciled in the United Kingdom or elsewhere and that the objects specified in each of the foregoing

paragraphs of this clause shall be regarded as independent objects and, accordingly, shall, except where otherwise expressed in such paragraphs, be in no wise limited or restricted by reference to or inference from any other paragraph.

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GLASGOW 9 JANUARY 1997

CERTIFICATE A TRUE COPY

*MacRobert*  
**MACROBERTS**  
SOLICITORS  
GLASGOW

THE COMPANIES ACT 1985  
PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION  
of  
CATCHMENT HIGHLAND LIMITED

MACROBERTS  
Glasgow

*Mac*  
*R*



**THE COMPANIES ACT 1985**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**MEMORANDUM of ASSOCIATION**  
**of**  
**CATCHMENT HIGHLAND LIMITED**

- I. The Company's name is CATCHMENT HIGHLAND LIMITED.
- II. The Company's registered office is to be situated in Scotland.
- III. The objects for which the Company is established are:-
  - (1) to procure on behalf of Catchment Limited ("Conco") the performance of the design, build and/or other obligations of Conco under an Agreement ("the Concession Agreement") entered into or to be entered into between Conco and North of Scotland Water Authority ("the Authority") in connection with a concession to be awarded by the Authority for the designing, building, ownership, operation and maintenance of the Inverness Main Drainage Scheme and the Fort William Sewerage Scheme ("Schemes") and to enter into and perform the agreements and documents ("the Other Documents") which are defined in the Concession Agreement as the Land Documents, the Financing Agreements and the Project Agreements and to which the Company is expressed to be a party and to enter into such other documents and do all things as may be required or desirable in connection with the Concession Agreement, the Other Documents and/or the designing, building, ownership, operation and maintenance of the Schemes;

- (2) to carry on any other businesses which can be advantageously or conveniently carried on by the Company by way of extension of or in connection with the above or are calculated directly or indirectly to benefit the Company or to enhance the value of or render profitable any of the Company's property or rights;
- (3) to acquire, erect, construct, lay down, enlarge, alter, maintain, improve and from time to time renew, any sewers, sewerage treatment works or other buildings, machinery, plant, roads and other works and to acquire either outright or by way of lease or other interest, any property or assets which in each case the Company shall consider necessary or convenient for carrying on said businesses and the purposes of the Company generally;
- (4) to apply for, purchase or otherwise acquire, and protect and renew in any part of the world any patents, patent applications, copyrights, design rights, trade marks, trade names, brands, privileges, concessions, licences, secret processes and the like which may seem capable of being used for any of the purposes of the Company, and to use, exercise, develop, prolong and grant licences of the same;
- (5) to apply for or concur with others in applying for any Provisional Order, Act of Parliament or other authority for enabling the Company to carry out all or any of its objects or for any other purpose which may seem expedient, to subscribe to the expense of obtaining the same, and to oppose or subscribe to the expense of opposing any Provisional Order, Bill or any proceedings in Parliament or elsewhere which may seem directly or indirectly to affect prejudicially the Company's interests;

- (6) to purchase or otherwise acquire the whole or any part of the undertaking, property or assets of any company or person carrying on or proposing to carry on any business which the Company is authorised to carry on or possessed of property suitable for the purposes of the Company or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company, and as part of the consideration for such acquisition to undertake all or any part of the liabilities of such company or person;
- (7) to pay for any property or rights acquired by the Company in cash, by instalments, or in shares, stocks, debentures, debenture stocks or other securities, whether fully or partly paid up, of the Company, or partly in one mode and partly in another and generally on such terms as may be agreed upon;
- (8) to amalgamate or enter into partnership, or into any arrangement for sharing profits, co-operation, union of interest, reciprocal concession, joint adventure, mutual interest, or assistance or otherwise with any company or person carrying on any business or having any objects similar to or kindred with any of the businesses or objects of the Company and that in such manner and on such terms and conditions as may be found expedient;
- (9) to subscribe for, take, or otherwise acquire and hold shares, stock, debentures, debenture stock or other securities of, or other interests in, any company having any objects similar to or kindred with any of the objects of the Company or carrying on any business capable of being conducted so as directly or indirectly to benefit the Company;
- (10) (a) to promote the interests of any company which is for the time

being a subsidiary, or holding company of the Company or a subsidiary of any holding company of the Company or any undertaking which is for the time being a subsidiary undertaking of the Company or of any holding company of the Company in any manner whatever and, in particular, by paying or discharging or assuming (by way of novation or otherwise) all or any of the liabilities thereof or giving any undertaking to do so, by giving any indemnity or guarantee in respect of such liabilities and by giving any security or charge for any such indemnity and guarantee or for the payment of money or performance of obligations by any such company or undertaking as aforesaid, either with or without consideration and whether or not the Company derives any benefit other than the promotion of such interests as aforesaid to the intent that the promotion of the interests of any such company or undertaking as aforesaid shall be an object and not a power of the Company;

- (b) whether with or without the Company receiving any consideration or benefit to guarantee and give security for the payment of any principal moneys, premiums, interest and other moneys secured by or payable under securities or obligations of any company which is for the time being the Company's holding company or a subsidiary of the Company's holding company or any other company which may be promoted or established by the Company either alone or in conjunction with others or which may purchase or take over the whole or any part of the undertaking of the Company and to guarantee and give security

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for the payment of dividends and premiums on, and the repayment of the capital of, stocks and shares of all kinds and descriptions;

- (11) to lend and advance money or give credit to any company or person on such terms as may be thought fit and to guarantee and give security for the payment of any moneys or the performance of any contracts, liabilities or obligations of any company or person and to become liable or responsible for money and undertake obligations of every kind and description all upon such terms as may from time to time be considered desirable in the interests of the Company;
- (12) to borrow or raise money in such manner as the Company may think fit and in particular by the issue of debentures or debenture stock and to secure the repayment of any money borrowed, raised or owing by mortgage, charge or lien upon the undertaking, property or assets of the Company or any part thereof, including its uncalled capital, and also by a similar mortgage, charge or lien to secure any debt, liability or obligation of any holding or subsidiary company of the Company or of any other company or of any person;
- (13) to receive money on deposit or temporary loan upon such terms as may be thought fit;
- (14) to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, warrants, debentures, charter parties, bills of lading, and other negotiable or transferable documents;
- (15) to invest, or deal with moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined;

- (16) to procure the Company to be registered or recognised in any part of the world outside the United Kingdom;
- (17) to establish or promote or concur in establishing or promoting any other company for the purpose of acquiring all or any of the property, rights and liabilities of the Company or for any other purpose which may seem calculated to advance directly or indirectly the objects or interests of the Company and to place or guarantee the placing of, underwrite, subscribe for or otherwise acquire shares, stock, debentures, debenture stock or other securities of any such company;
- (18) to give or award pensions, annuities, gratuities, superannuation or other allowances or benefits, to any persons who are or have at any time been Directors of or employed by or in the service of the Company or of any company which is the holding company of, or a subsidiary company of, or allied or associated with, the Company or any such holding company or subsidiary company, and to the wives, widows, children and other relatives and dependants of any such persons; to set up, establish, support and maintain pension, superannuation and other funds or schemes (whether contributory or non-contributory) and to make payments towards insurance or other payments (either in connection with any such fund or scheme or otherwise) for the benefit of such persons or any of them or any class of them; to support or subscribe to any charitable funds or institutions the support of which may, in the opinion of the Directors, be calculated directly or indirectly to benefit the Company or its officers or employees, and to institute and maintain any club or other establishment or profit-sharing scheme calculated to advance the interests of the Company or its officers or employees; and

to subscribe or guarantee money for any exhibition or for any public, general or useful object;

- (19) to sell, feu, lease, exchange, mortgage or otherwise deal with or dispose of the whole or any part of the undertaking, property or assets of the Company, or any right over or interest in the same, for such consideration, and in such manner and upon such terms and subject to such conditions, as the Company may think fit, and in particular for shares, stocks, debentures, debenture stocks or other securities, whether fully or partly paid up, of any other company;
- (20) to distribute any of the property of the Company among the Members in specie or kind;
- (21) to remunerate any company or person for services rendered or to be rendered in placing or procuring the subscription of, or otherwise assisting in the issue of, any shares, stock, debentures, debenture stock or other securities of the Company or of any company promoted by the Company;
- (22) to do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others, and either by or through agents, sub-contractors, trustees or otherwise;
- (23) to do all such other things as are incidental or conducive to the attainment of the aforesaid objects or any of them.

And it is hereby declared that in this Memorandum words denoting the singular number shall include the plural number and vice versa and the word "company", except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether incorporated or not incorporated and whether domiciled in

the United Kingdom or elsewhere and that the objects specified in each of the foregoing paragraphs of this clause shall be regarded as independent objects and, accordingly, shall, except where otherwise expressed in such paragraphs, be in no wise limited or restricted by reference to or inference from any other paragraph.

IV. The liability of the Members is limited.

V. The Company's share capital is £100 divided into 100 shares of £1 each.

We, the subscribers to this Memorandum of Association wish to be formed into a company pursuant to this Memorandum of Association, and we agree to take the number of shares set opposite our respective names.

Names and Addresses of Subscribers	Number of Shares taken by each Subscriber
David Flint Solicitor 152 Bath Street Glasgow G2 4TB	One
Ian Dickson Solicitor 152 Bath Street Glasgow G2 4TB	One

Dated the 24th day of January 1996.

WITNESS to the above Signatures:

Lesley Sharon Simpson  
Chartered Secretary  
152 Bath Street  
Glasgow G2 4TB

10-01-97  
[COPYMEMORIAS ART]

GLASGOW 9 January 1997

CERTIFIED A TRUE COPY

*Robert*  
**MACROBERTS**  
SOLICITORS  
GLASGOW

*Rob Bradley* for and on behalf of  
Catchment Limited

THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

CATCHMENT HIGHLAND LIMITED

MACROBERTS  
Glasgow

*M<sup>uc</sup><sub>R</sub>*  

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**THE COMPANIES ACT 1985**  
**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION \***  
**of**  
**CATCHMENT HIGHLAND LIMITED \*\***

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**PRELIMINARY**

1.1 In these articles:-

"Act"	means the Companies Act 1985, as amended, replaced and consolidated from time to time, and any reference to a section of the Act includes any section as so amended, replaced or consolidated;
"Authority"	means North of Scotland Water Authority and its statutory successor from time to time as sewerage authority under the Sewerage (Scotland) Act 1968;
"Business Day"	means any day, other than a Saturday, as Sunday, or a bank holiday in either Scotland or England;
"Conco"	means Catchment Limited, a company incorporated in Scotland under the

\* Adopted by resolution dated December 11, 1996.

\*\* Incorporated as Macrocom (343) Limited on February 1, 1996. Name changed to Catchment Highland Limited conform to Certificate of Incorporation on Change of Name dated August 12, 1996.

	Companies Acts (No. 163035) and having its registered office at Morrison House, 12 Atholl Crescent, Edinburgh, EH3 8HA;
"Concession Agreement"	means the concession agreement to be entered into between Conco, and the Authority relative to the Inverness Main Drainage Scheme and Fort William Sewerage Scheme;
"Conco Deed of Pledge"	means the deed of pledge by Conco in favour of Société Generale London Branch in respect of Conco's shares in the Company to be entered into pursuant to a Credit Agreement among Société Generale London Branch, the Company, Conco and Holdeo;
"Directors"	means the directors of the Company from time to time or any duly constituted committee of the directors;
"Group Company"	means, in relation to any member of Holdco, the ultimate holding company of such member and, in the case of BEn Highlands (UK) Limited, includes Bechtel Limited and any company which is a wholly-owned subsidiary of such ultimate holding company (or Bechtel Limited) (as the case may be) from time to time;
"Holdco"	means Catchment Highland Holdings

Limited, a company incorporated in Scotland under the Companies Acts (No. 168790) and having its registered office at Morrison House, 12 Atholl Crescent, Edinburgh, EH3 8HA;

"Holdco Shares"

means Ordinary Shares of £1 each of Holdco;

"Qualifying Shareholder"

means any person holding 10% or more in nominal value of the issued share capital of Holdco, provided, however, that in determining any percentage of Holdco Shares for the purpose of article 6.2 the holdings of Group Companies will be aggregated and the Group Company holding the majority in nominal value of Holdco Shares held by all such Group Companies, which failing the first such Group Company whose name appears in the register of members of Holdco, shall be deemed to be the Qualifying Shareholder for these purposes;

"Shareholders Agreement"

means the shareholders agreement among North West Water (Scotland) Limited, Morrison Construction Limited, BEn Highlands (UK) Limited, the Company, Holdco and Conco;

"Shares"

means Ordinary Shares of £1 each of the

Company;

"subsidiary" and "holding company"

shall have the meanings ascribed thereto by section 736 of the Companies Act 1985;

"Table A"

means Table A scheduled to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985.

- 1.2 Unless the context otherwise requires, the singular shall include the plural and vice versa and reference to any gender shall include all genders.
- 1.3 Any reference to a "group of companies" is to a company, its holding company, its subsidiary companies, and any other subsidiary companies of its holding company.
- 1.4 Unless the context otherwise requires, expressions defined in the Act shall have the same meanings where used in these Articles.
- 1.5 Reference to the Concession Agreement or the Shareholders Agreement includes any amendment or variation to the same from time to time.
- 1.6 Expressions defined in the Shareholders Agreement shall have the same meanings where used in these Articles.
2. The regulations contained in Table A, insofar as not excluded or varied by or inconsistent with these articles, shall apply to the Company and be deemed to be incorporated herein.
3. Regulations 41, 50, 57, 64, 73 to 77 inclusive, 80, 89, 90, 94 to 97 inclusive and 101 of Table A shall not apply to the Company. The following regulations of Table A shall be modified:-

- (a) regulation 1 by the deletion of the words "'the seal' means the common seal of the company";
- (b) regulation 6 by the deletion of the words "shall be sealed with the seal" and by the substitution therefor of the words "shall be signed by two Directors or by one Director and the Secretary";
- (c) regulation 18 by the addition of the words "and all expenses of the Company incurred by reason of such non-payment" at the end of the first sentence thereof;
- (d) regulation 40 by the deletion of the second sentence thereof and the substitution therefor of the words "One member present in person or by proxy or being a duly authorised representative of a corporation shall be a quorum."; and
- (e) regulation 46 by the deletion of:-
  - (i) the words "two members" where they appear in paragraph (b) and the substitution therefor of the words "one member";
  - (ii) the word "or" at the end of paragraph (b); and
  - (iii) the whole of paragraphs (c) and (d); and
- (f) regulation 65 by the deletion of the words "approved by resolution of the directors" where they appear in that regulation; and
- (g) regulation 72 by the deletion of the words "one or more directors" where they appear in the first sentence of that regulation and the insertion in their place of the words "at least one director appointed by each Qualifying Shareholder."; and
- (h) regulation 78 by the deletion of the words "and may also determine the rotation in which any additional directors are to retire"; and
- (i) regulation 79 by the insertion of the words "acting unanimously" after the word "director" and before the word "may" where they appear in the

## PAGE 6

first sentence thereof and by the deletion of the second and third sentences; and

- (j) regulation 88 by the deletion of the third sentence.

## TRUSTS

4. The Company shall not be bound to recognise but shall be entitled to recognise, in such manner and to such extent as it may think fit, any trusts in respect of any Shares. Notwithstanding any such recognition, the Company shall not be bound to see to the execution, administration or observance of any trust, whether expressed, implied or constructive, in respect of any Shares and shall be entitled to recognise and give effect to the acts and deeds of the holders of such Shares as if they were the absolute owners thereof.

## TRANSFER OF SHARES

- 5.1 No transfer of any Share (nor any interest in any Shares) shall be registered unless the written consent of the Authority (if and to the extent required, by the Concession Agreement) and each member of Holdeo is obtained thereto.
- 5.2 The Directors shall, notwithstanding any other provision of these Articles, be bound to register any transfer of a Share which:-
- (a) is in favour of any nominee for Société Générale (the "Bank") or the Bank; or
  - (b) is by such nominee or the Bank;
- pursuant to the Conco Deed of Pledge.

## DIRECTORS

- 6.1 The minimum number of Directors shall be one. There shall be no maximum number of Directors.
- 6.2 Notwithstanding any provision to the contrary in these Articles:-
- (a) each Qualifying Shareholder shall be entitled to appoint and maintain in office one director,

- (b) each Qualifying Shareholder whose holding of Holdeo Shares comprises 25% or more in nominal value of the issued share capital of Holdeo shall be entitled to appoint and maintain in office one additional director;
- (c) any Qualifying Shareholder whose holding of Holdeo Shares comprises more than 50% in nominal value of the issued share capital of Holdeo shall be entitled to appoint and maintain in office such number of directors (including the directors appointed by it pursuant to paragraphs (a) and (b) above) as is one more than the aggregate number of directors appointed and maintained in office by the other Qualifying Shareholders under this article 6.

Any appointment hereunder shall be effected by written notice to the Company accompanied by a certificate from the Secretary of Holdeo (dated not earlier than five Business Days before the date of the written notice) as to the percentage of the issued share capital of Holdeo held by the relevant Qualifying Shareholder at the date of the certificate, and such appointment shall take effect from the date specified in such notice - which shall not be earlier than the date of the notice - or, if no date is specified, from the date of the notice.

6.3 Notwithstanding any other provision of these Articles:-

- (a) if any Qualifying Shareholder's holding of Holdeo Shares is reduced for whatever reason so as to comprise 50% or less but at least 25% in nominal value of the issued share capital of Holdeo, that Qualifying Shareholder shall forthwith remove all of the directors, except two, of the Company appointed by it and shall not be entitled to replace those directors until such time as its holding of Holdeo Shares increases to more than 50% in nominal value of the issued share capital of Holdeo;
- (b) if any Qualifying Shareholder's holding of Holdeo Shares is reduced for

whatever reason so as to comprise less than 25% but at least 10% in nominal value of the issued share capital of Holdco, that Qualifying Shareholder shall forthwith remove all of the directors, except one, of the Company appointed by it and shall not be entitled to replace those directors until such time as its holding of Holdco Shares increases to 25% or more in nominal value of the issued share capital of Holdco;

- (c) if any Qualifying Shareholder's holding of Holdco Shares is reduced for whatever reason so as to comprise less than 10% in nominal value of the issued share capital of Holdco, that Shareholder shall forthwith remove all directors of the Company appointed by it and shall not be entitled to replace those directors until such time as its holding of Holdco Shares increases to 10% or more, 25% or more or more than 50% in nominal value of the issued share capital of Holdco (as the case may be).

- 6.4 The Directors may appoint any person (who is willing to act) as a Director, either to fill a casual vacancy or as an additional Director provided always that the appointment does not cause the number of Directors to exceed any maximum number of Directors fixed by or in accordance with these articles.
- 6.5 Subject to the making of any disclosure, declaration or notification required by the Companies Act 1985, as amended, or by any other relevant and applicable legislation, a Director shall be entitled to vote in respect of any contract or arrangement in which he is interested and shall be taken into account in reckoning the quorum present at the meeting when such contract or arrangement is under consideration.
- 6.6 The quorum for the transaction of all business of the Directors (whether a decision of a full board or of a committee of the Directors) shall be one director appointed by each Qualifying Shareholder. If at any meeting of the Directors (or any committee of Directors) a quorum is not present within 15 minutes (or

such longer time as all Directors present choose to wait), the meeting shall be reconvened at such time and place as decided by those Directors present (but not less than four Business Days later) and notice of the time and place of the reconvened meeting shall be sent to each of the Directors as soon as reasonably possible thereafter. At the reconvened meeting, the Directors present will form a quorum. All or any of the Directors may participate in a meeting of the Directors by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear and speak to each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly. 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 at the time of the meeting.

#### BORROWING POWERS

7. Subject to article 8, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital (or any part thereof) and, subject to section 80 of the Act, to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

#### IMPORTANT DECISIONS

8. The Company shall not take any action in relation to the following matters without the prior written consent of each of the members of Holdco:-
  - (a) the entering into of any contract or undertaking any business outwith the Business;
  - (b) the entering into (other than the Relevant Documents) termination or variation of any contract or arrangement (whether legally binding or not) with a capital value of greater than £25,000, or with a revenue of

greater than £25,000 over a period of 1 year, with the Original Shareholders or any of their Group Members;

- (c) the entering into of any transaction or series of related transactions (whether at one time or over a period of time) involving the incurring of any capital expenditure or the disposal of any capital asset or assets and which involves a total outlay or receipt which is either not authorised in or which is in excess of the level authorised expressly or impliedly in the current capital and revenue expenditure budget of the Company as agreed from time to time as part of the relevant Business Plan;
- (d) the arranging of any overdraft or other borrowing facilities for the Company other than as provided in the Relevant Documents;
- (e) any acquisition of, or investment in, another company or business or the incorporation of any subsidiary;
- (f) the creation of, or allowing to subsist, any security over any of the assets of the Company other than as contemplated by the Relevant Documents;
- (g) the giving of any guarantee, indemnity or security by the Company in respect of the obligations of any other person;
- (h) the entering into of any death, retirement, profit sharing, bonus, share option or other scheme for the benefit of the officers or employees of the Company or any material variation (including any increase in the percentage amount of the contributions) of any such scheme;
- (i) the participation by the Company in any joint venture, collaboration or partnership with any person or merging or amalgamating with any person;
- (j) if the Company is part of a consortium for UK tax purposes, any decision (i) to surrender, or receive a surrender, of any losses, for UK

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tax purposes, or (ii) to make any group income election for corporation tax purposes;

- (k) any variation to the Concession Agreement or the Relevant Documents;
- (l) the approval under the terms of the Operating and Maintenance Agreement (one of the Relevant Documents) of the budget of the Operator, as that term is defined therein, from time to time;
- (m) the approval of any Business Plan;
- (n) any change in the accounting policies adopted by the Company.