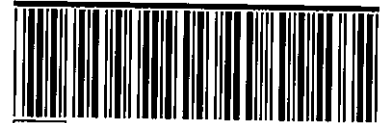


THE COMPANIES ACT 1985

A PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
OF
MERCURY COMMUNICATIONS
LIMITED

NO 1541937



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ARTICLES OF ASSOCIATION

of

Mercury Communications Limited

Article	Page
1. Share Capital	1
2. Exclusion Of Table A	14
3. Definitions Used Generally In The Articles	14
4. Form Of Resolution	16
5. Redeemable Shares	16
6. Purchase Of Own Shares.....	16
7. Unissued Shares.....	16
8. Permit Of Commission.....	16
9. Trusts Not Recognised	16
10. Right To Share Certificate.....	17
11. Replacement Of Share Certificates	17
12. Sealing Of Certificates	17
13. Company's Lien On Shares Not Fully Paid	17
14. Enforcing Lien By Sale	17
15. Application Of Proceeds Of Sale	18
16. Calls.....	18
17. Payment On Calls	18
18. Liability Of Joint Holders.....	18
19. Interest Due On Non-Payment.....	18
20. Sums Due On Allotment Treated As Calls	18
21. Notice If Call Or Instalment Not Paid.....	19
22. Form Of Notice.....	19
23. Forfeiture If Non Compliance With Notice	19
24. Notice After Forfeiture.....	19
25. Sale Of Forfeited Shares	19
26. Arrears To Be Paid Notwithstanding Forfeitures.....	19
27. Statutory Declaration As To Forfeiture.....	20
28. Form Of Transfer.....	20
29. Execution Of Transfer.....	20
30. Rights To Decline Registration.....	20
31. Notice Of Refusal	21
32. No Fee For Registration	21
33. Transmission On Death.....	21
34. Entry Of Transmission In Register	21
35. Election Of Person Entitled By Transmission.....	21
36. Rights Of Person Entitled By Transmission	22
37. Increase, Consolidation, Sub-Division And Cancellation.....	22
38. Fractions.....	22
39. Reduction Of Capital	22
40. Extraordinary General Meetings.....	23
41. Annual General Meetings	23
42. Calling Of Extraordinary General Meetings.....	23

43.	Written Resolutions.....	23
44.	Length Of Notice	23
45.	Quorum	24
46.	Procedure If Quorum Not Present.....	24
47.	Chairman Of General Meeting.....	24
48.	Directors' Right To Attend And Speak.....	24
49.	Adjournments	24
50.	Notice Of Adjournment.....	24
51.	Method Of Voting.....	25
52.	Procedure If Poll Demanded.....	25
53.	When Poll To Be Taken	25
54.	Continuance Of Other Business After Poll Demand	25
55.	Votes Of Members.....	26
56.	Votes On A Poll.....	26
57.	Votes Of Joint Holders	26
58.	Voting On Behalf Of Incapable Member.....	26
59.	No Right To Vote Where Sums Overdue On Shares	26
60.	Objections Or Errors In Voting	26
61.	Execution Of Proxies	27
62.	Delivery Of Proxies	27
63.	Maximum Validity Of Proxy.....	27
64.	Form Of Proxy	27
65.	Cancellation Of Proxy's Authority.....	27
66.	Number Of Directors	28
67.	Age Of Directors.....	28
68.	Directors' Shareholding Qualification	28
69.	Power Of The Company To Appoint Directors	28
70.	Power Of The Board To Appoint Directors	28
71.	Power Of Removal By Special Resolution	28
72.	Persons Eligible As Directors	28
73.	Vacation Of Office By Directors	29
74.	Alternate Directors.....	29
75.	Executive Directors.....	30
76.	Directors' Fees	30
77.	Additional Remuneration.....	30
78.	Expenses.....	30
79.	Pensions And Gratuities For Directors.....	31
80.	Permitted Interests And Voting.....	31
81.	General Powers Of The Company Vested In The Board.....	33
82.	Powers Of Attorney	34
83.	Delegations To Individual Directors	34
84.	Official Seals	34
85.	Registers.....	34
86.	Provision For Employees.....	34
87.	Board Meetings.....	34
88.	Notice Of Board Meetings.....	34
89.	Quorum	35
90.	Directors Below Minimum Through Vacancies.....	35
91.	Appointment Of Chairman	35
92.	Competence Of Meetings	35

93.	Voting	35
94.	Delegation To Committees	35
95.	Participant In Meetings By Telephone Or Video Conference Facilities	36
96.	Resolution In Writing	36
97.	Appointment Of The Secretary	36
98.	Powers Of The Assistant Secretary	36
99.	Use Of Seals	36
100.	Validity Of Acts - Board Or Committee	36
101.	Declaration Of Dividends By The Company	37
102.	Payment Of Interim And Fixed Dividends By The Board	37
103.	Calculation And Currency Of Dividends	37
104.	Amounts Due On Shares May Be Deducted From Dividends	37
105.	No Interest On Dividends	37
106.	Payment Procedure	37
107.	Uncashed Dividends	38
108.	Forfeiture Of Unclaimed Dividends	38
109.	Power To Capitalise Reserves And Funds	38
110.	Settlement Of Difficulties In Distribution	39
111.	Power To Choose Any Record Date	39
112.	Records To Be Kept	39
113.	Service Of Notices	39
114.	Record Date For Service	39
115.	Service Of Notice On Person Entitled By Transmission	40
116.	When Notice Deemed Served	40
117.	Presumptions Where Documents Destroyed	40
118.	Distribution Of Assets Otherwise Than In Cash	41
119.	Indemnity Of Officers	41

ARTICLES OF ASSOCIATION
of
MERCURY COMMUNICATIONS LIMITED

(Articles adopted on 13th January, 1993)

PART 1
(PARTICULAR PROVISIONS)

1.(A) SHARE CAPITAL

The authorised share capital of the Company at the date of adoption of this paragraph of this article is £2,000,000,000 divided into 150,680,000 Ordinary Shares of £1 each, 849,320,000 Non-voting Irredeemable Fixed Dividend Preference Shares of £1 each (the "Fixed Preference Shares"), 500,000 Non-voting Redeemable Participating Shares of £1 each (the "Non-voting Redeemable Shares") and 500,000 Voting Redeemable Fixed Rate Preference Shares of £1 each (the "Redeemable Preference Shares") and 999,000,000 unclassified shares.*

(B) RIGHTS ATTACHED TO SHARES

The respective classes of shares shall entitle and subject the holders thereof to the following rights and restrictions:

(1) The Fixed Preference Shares

- (a) **As regards income:** holders of the Fixed Preference Shares shall be entitled to receive out of the profits which the Company may determine to distribute in respect of any financial year of the Company (the "Profits") a fixed cumulative preferential dividend of:

$$\frac{0.0001 \times \pounds 849,320,000}{250} \text{ per annum}$$

in respect of each such Fixed Preference Share payable annually on 13th January or, if that is not a business day, on the next following business day. The fixed dividend shall be paid:

- (i) following payment to the holders of Redeemable Preference Shares of their dividend amounts; and

* This clause was amended by a Special Resolution passed on 20th April, 1993.

- (ii) in priority to payment of any dividend or the making of any distribution to the holders of Ordinary Shares and Non-voting Redeemable Shares.

The holders of the Fixed Preference Shares shall not be entitled to any further right of participation in the profits of the company.*

- (b) **As regards capital:** on a winding up or on any other return of capital or assets on a liquidation or otherwise holders of the Fixed Preference Shares shall be entitled to repayment of the nominal amount of the capital paid up on each Fixed Preference Share together with a payment in respect of any arrears of dividend. Such return on capital in respect of each Fixed Preference Share shall be multiplied by:

$$\frac{849,320,000}{250}$$

in calculating the payment to be made to the holders of the Fixed Preference Shares. The return on capital and any arrears of dividend shall be paid:

- (i) following payment to the holders of Redeemable Preference Shares, Non-voting Redeemable Shares and Ordinary Shares of the nominal amounts of capital paid up or credited as paid up on such shares and due to them under article 1.B(2)(b), 1.B(3)(b) and 1.B(4)(b); and
- (ii) following payment out of surplus assets to the holders of Ordinary Shares of £1,000,000,000 in respect of each Ordinary Share under article 1.B(4)(b).

The holders of the Fixed Preference Shares shall not be entitled to any further right of participation in such capital or assets.*

- (c) **As regards voting:** the holders of the Fixed Preference Shares shall have no right to receive notice of general meetings of the Company and shall have no right to attend or vote thereat either in person or by proxy by virtue of or in respect of their holdings of Fixed Preference Shares.

(d) **Deferred Shares:**

- (i) Save as provided in sub-paragraph (ii) below, the holders of Deferred Shares shall not be entitled to any participation in the profits or the assets of the Company.
- (ii) The holders of Deferred Shares shall only be entitled to participate in the assets of the Company on a winding up or on any other return of capital or assets on a liquidation or otherwise after the holders of the Ordinary Shares in the capital of the Company shall have received on a return of assets on liquidation or otherwise the sum of £1 million in respect of each share (other than Deferred Shares) held by them

* These clauses were amended by a Special Resolution passed on 25th April, 1997.

whereupon they shall be entitled to be repaid the nominal amount of capital paid up on each Deferred Share.

- (iii) None of the Deferred Shares shall carry any right to receive notice of or attend and vote at any general meeting of the Company.
- (iv) Notwithstanding any other provision of these Articles, the Company shall have the power and authority at any time to purchase (in accordance with the provisions of the Companies Act 1985) all or any of the Deferred Shares at their current market value as agreed between the Company and the holder of the Deferred Shares.
- (v) The Deferred Shares shall carry no other rights whatsoever.*

(2) The Redeemable Preference Shares

- (a) **As regards income:** holders of the Redeemable Preference Shares shall be entitled to receive out of the Profits a fixed cumulative preferential dividend of 7.5 per cent. per annum on the nominal value of each such Preference Share payable annually on 14th January or, if that is not a business day, on the next following business day. The fixed dividend shall be paid in priority to payment of any dividend or the making of any distribution to the holders of any other class of shares in the Company. The holders of the Redeemable Preference Shares shall not be entitled to any further right of participation in the profits of the Company.
- (b) **As regards capital:** on a winding up or on any other return of capital or assets on a liquidation or otherwise holders of the Redeemable Preference Shares shall be entitled to repayment of the nominal amount of the capital paid up on each Redeemable Preference Share together with a payment in respect of any arrears or dividend in priority to the holders of any other class of shares in the Company. The holders of the Redeemable Preference Shares shall not be entitled to any further right of participation in such capital or assets.
- (c) **As regards voting:** the holders of the Redeemable Preference Shares shall be entitled to receive notice of general meetings of the Company and to attend and vote thereat. On a show of hands every holder of Redeemable Preference Shares who (being an individual) is present in person or (being a corporation) is present by representative shall have one vote and on a poll every holder of Redeemable Preference Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by representative or by proxy shall have one vote for each such share registered in the name of such holder.
- (d) **As regards redemption:** subject to the provisions of the Companies Acts, the Redeemable Preference Shares shall be redeemed at the option of the Company at any time in accordance with the following provisions:
 - (i) all Redeemable Preference Shares shall be redeemed at the same time;

*

This clause was inserted by a Special Resolution passed on 25th April, 1997.

- (ii) the Redeemable Preference Shares shall not be redeemed by the Company unless all the Non-voting Redeemable Shares are redeemed at the same time;
- (iii) on the date fixed for redemption of the Redeemable Preference Shares each registered holder of such shares shall be bound on receipt of 14 days' prior written notice to surrender to the Company the Certificate relating thereto;
- (iv) on redemption of Redeemable Preference Shares, the Company will cancel the Redeemable Preference Shares and any certificate relating thereto and such Redeemable Preference Shares may not be re-issued or sold but shall be available as unclassified shares for issue as Ordinary Shares; and
- (v) there shall be paid on redemption of the Redeemable Preference Shares the nominal amount paid up on such shares together with a payment in respect of any arrears of the dividends thereon.*

(3) The Non-voting Redeemable Shares

- (a) **As regard income:** the holders of Non-voting Redeemable Shares shall have the right to receive out of the Profits a dividend equal in aggregate to 0.01 per cent. per annum for the first five years following their date of issue and 0.02 per cent. per annum thereafter, of any dividend distributed by the Company to the holders of Ordinary Shares under Article 1.B(4). This dividend shall be paid:
 - (i) following payment to the holders of Fixed Preference Shares and Redeemable Preference Shares of their dividend amounts;
 - (ii) *pari passu* with the holders of Ordinary Shares in the Company; and
 - (iii) *pari passu* in proportion to the respective amounts paid up on each Non-voting Redeemable Share.
- (b) **As regards capital:** on a winding-up or other return of capital or assets on a liquidation or otherwise the holders of the Non-voting Redeemable Shares shall be entitled only to repayment of the nominal amount of the capital paid up thereon. This return of capital shall be paid:
 - (i) following payment of the holders of Redeemable Preference Shares of any amount due to them under Article 1.B(2)(b);
 - (ii) *pari passu* with the repayment to the holders of Ordinary Shares of the nominal amounts of capital paid up thereon and *pari passu* in proportion to the respective amounts paid up on each such share;

*

This clause was amended by a Special Resolution passed on 25th April, 1997.

- (iii) in priority to payment to the holders of Ordinary Shares of any surplus assets; and
- (iv) in priority to payment to the holders of Fixed Preference Shares of any amount due to them under Article 1.B(1)(b).

The holders of the Non-voting Redeemable Shares shall not be entitled to any further right of participation in such capital or assets.

- (c) **As regards voting:** the holders of the Non-voting Redeemable Shares shall have no right to receive notice of general meetings of the Company and shall have no right to attend or vote thereat either in person or by proxy by virtue of or in respect of their holdings of Non-voting Redeemable Shares.
- (d) **As regards redemption:** subject to the provisions of the Companies Acts, the Non-voting Redeemable Shares shall be redeemed at the option of the Company at any time in accordance with the following provisions:
 - (i) all Non-voting Redeemable Shares shall be redeemed at the same time;
 - (ii) the Non-voting Redeemable Shares shall not be redeemed by the Company unless all the Redeemable Preference Shares are redeemed at the same time;
 - (iii) on the date fixed for redemption of the Non-voting Redeemable Shares each registered holder of such shares shall be bound on receipt of 14 days' prior written notice to surrender to the Company the Certificate relating thereto;
 - (iv) on redemption on Non-voting Redeemable Shares, the Company will cancel the Non-voting Redeemable Shares and any certificate relating thereto and such Non-voting Redeemable Shares may not be re-issued or sold but shall be available as unclassified shares for issue as Ordinary Shares; and
 - (v) there shall be paid on redemption of the Non-voting Redeemable Shares the nominal amount paid up on such shares but no payment shall be made in respect of any arrears or deficiency of the dividends thereon.*

(4) The Ordinary Shares

- (a) **As regards income:** the holders of the Ordinary Shares shall have the right to receive all of the Profits remaining to be distributed following payment to the holders of Redeemable Preference Shares and Fixed Preference Shares of their dividends, *pari passu* with the holders of Non-voting Redeemable Shares and *pari passu* in proportion to the respective amounts paid up on each such share.

*

This clause was amended by a Special Resolution passed on 25th April, 1997.

- (b) **As regards capital:** on a winding-up or any other return of capital or assets on a liquidation or otherwise, the holders of Ordinary Shares shall be entitled to receive repayment of the nominal amount of the capital paid up thereon. This return on capital shall be paid:
- (i) following payment to the holders of Redeemable Preference Shares of the amounts due to them under Article 1.B(2)(b);
 - (ii) *pari passu* with the repayment to the holders of Non-voting Redeemable Shares of the nominal amounts of capital paid up thereon and *pari passu* in proportion to the respective amounts paid up on each such share; and
 - (iii) in priority to the payment to the holders of Fixed Preference Shares of any amount due to them under Article 1.B(1)(b).

Subject to the rights of the holders of all other classes of shares, the holders of the Ordinary Shares shall further be entitled to receive all surplus assets *pari passu* in proportion to the respective amounts paid up on each such share.

- (c) **As regards voting:** the holders of the Ordinary Shares shall be entitled to receive notice of general meetings of the Company and to attend and vote thereat. On a show of hands every holder of Ordinary Shares who (being an individual) is present in person or (being a corporation) is present by representative shall have one vote and on a poll every holder of Ordinary Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by representative or by proxy shall have one vote for each such share registered in the name of such holder.

(C) ISSUE OF EQUITY SECURITIES

- (1) No allotment of shares or Equity Securities shall be made by the Company otherwise than in accordance with this Article 1(C). Section 89(1) of the Companies Act 1985 shall not apply to any such allotment.
- (2) Notwithstanding any other provision of this Article 1(C), shares or Equity Securities may be allotted in accordance with paragraphs (5), (6), (7), (8) and (9)* of this Article without the need to offer such shares pro-rata to the other holders of Equity Securities.
- (3) Save as provided in paragraphs (5), (6), (7), (8) and (9)* of this Article 1(C), any new Equity Securities (otherwise than as part of any application for the Ordinary Shares to be listed or dealt in on any stock exchange or investment exchange), shall before they are issued be offered simultaneously to all holders of Equity Securities (of whatever class) in proportion (as nearly as circumstances admit) to their Relevant Proportion at the date of the offer (the "Offer"). Each Offer shall be made by notice given by the secretary specifying the number, price and terms of payment for the relevant Equity Securities on offer, being on identical terms for each holder of Equity Securities, and shall invite each holder of Equity Securities to state in writing within a period of 30

*

This clause was amended by a Special Resolution passed on 20th April, 1993.

days whether it is willing to take any and if so what maximum number of Equity Securities on offer (being no greater than that holder's Relevant Proportion).

- (4) At the expiration of the time stipulated by the Offer the Board shall, subject to compliance with the terms of the Offer, allot the Equity Securities offered to or amongst those holders of Equity Securities who have notified to the secretary their willingness to take any of the Equity Securities offered but so that no holder of Equity Securities shall be obliged to take more than the maximum number of Equity Securities so notified by it as aforesaid.
- (5) The Company may from time to time issue Redeemable Preference Shares and Non-voting Redeemable Shares for cash without the need to offer the same pro-rata to holders of Equity Securities.
- (6) The Company shall be entitled to allot Equity Securities for cash to BCETI Holdings Limited or any of its Affiliates without the need to offer those shares to other holders of Equity Securities provided that no allotment pursuant to this paragraph (6) shall result in BCETI Holdings Limited together with its Affiliates holding more than 20 per cent. of the issued Equity Securities on a fully-diluted basis immediately following such allotment.
- (7) The Company shall having given not less than 30 days' written notice to BCETI Holdings Limited (or such lesser period as BCETI Holdings Limited may agree (be entitled to allot Equity Securities without the need to offer those Equity Securities to the other holders of Equity Securities where such Equity Securities are allotted to an allottee which has been nominated by Cable and Wireless plc or any of its Affiliates which is a holder of Equity Securities to receive such allotment provided that following the allotment of such Equity Securities the allottee, its Group and persons acting in concert with it shall not hold more than 20 per cent. of the issued Ordinary Shares or the issued Equity securities (in the latter case on a fully-diluted basis).
- (8) The Company shall be entitled to issue Equity Securities for non-cash consideration without the need to offer the same pro-rata to all the holders of Equity Securities.
- (9) The Company shall be entitled to allot Ordinary Shares without the need to offer those Ordinary Shares to the other holders of Equity Securities if such Ordinary Shares fail to be allotted pursuant to the terms of any Equity Securities.*

(D) TRANSFERS OF EQUITY SECURITIES

- (1) Subject to the provisions of Article 30, any share or Equity Security may at any time be transferred to any person (i) with the consent in writing of all other members of the Company; (ii) in accordance with the provisions of any agreement for the time being binding on all the members and the Company; or (iii) in accordance with Articles 1(D) and (E). Except as aforesaid, a member shall not transfer shares or Equity Securities or dispose of any shares or Equity Securities or any interest in shares or Equity Securities and no transfer of a share or Equity Security shall be registered.

* This Clause was inserted by a Special Resolution passed on 20th April, 1993.

- (2) Each holder of Equity Securities shall be free to transfer shares or Equity Securities to an Affiliate of such holder of Equity Securities without being obliged to offer such shares or Equity Securities to other holders of Equity Securities pursuant to paragraph (6) of this Article provided that if the transferee ceases to be an Affiliate of the transferor the transferee shall notify all the other holders of Equity Securities in writing that such event has occurred and prior to or within 30 days after such transferee ceasing to be an Affiliate of the transferor, such Equity Securities shall be transferred back to the transferor or to an Affiliate of the original transferor.
- (3) In addition to any rights pursuant to paragraph 1(D)(6)(v), Cable and Wireless plc or any of its Affiliates which is a holder of shares or Equity Securities shall, having given not less than 30 days' written notice to BCETI Holdings Limited (or such lesser period as BCETI Holdings Limited may agree), be entitled to transfer shares or Equity Securities to any person, without the need to offer such Equity Securities to the other holders of Equity Securities pursuant to paragraph (6) provided that such transfer of shares or Equity Securities shall not result in the transferee together with its Group and persons acting in concert with it holding in excess of 20 per cent. of the issued Ordinary Shares or of the issued Equity Securities on a fully-diluted basis.
- (4) If:
- (i) the Company shall allot Equity Securities as permitted by paragraph 1(C)(7) or Cable and Wireless plc or any of its Affiliates shall transfer shares or Equity Securities as permitted by paragraph 1(D)(3) in either case in circumstances where BCETI Holdings Limited or any of its Affiliates which is a holder of Ordinary Shares has indicated to Cable and Wireless plc and the Company in writing that it opposes such allotment or transfer; or
 - (ii) at any time after five years from the date of adoption of these Articles, BCETI Holdings Limited or any of its Affiliates which is a holder of Ordinary Shares gives notice to Cable and Wireless plc that it wishes to realise the entire investment of itself and its Affiliates in the Company; or
 - (iii) an Insolvency Event shall have occurred in respect of Cable and Wireless plc or any subsidiary having an interest in the voting share capital of the Company, unless, within 10 Business Days after the occurrence of such event, Cable and Wireless plc or the relevant subsidiary has validly and irrevocably transferred its interest in the Company to an Affiliate in respect of which no such event has occurred and such transfer is not subject to challenge by any liquidator, receiver or other person; or
 - (iv) there shall be a change of control of BCE Inc., BCETI Holdings Limited or any subsidiary of BCE Inc. having an interest in BCETI Holdings Limited; or
 - (v) there shall be a change of control of Cable and Wireless plc,

then BCETI Holdings Limited or any of its Affiliates shall be entitled to transfer any shares or Equity Securities then held by them to any person without the need to offer such shares or Equity Securities to the other holders of Equity Securities pursuant to paragraph 1(D)(6), provided that each Affiliate of BCETI Holdings Limited which holds shares or Equity Securities also makes such a transfer.

- (5) If an Insolvency Event shall have occurred in respect of BCE Inc., BCETI Holdings Limited or any subsidiary of BCE Inc. having an interest in BCETI Holdings Limited, unless, within 10 Business Days after the occurrence of such event, BCETI Holdings Limited or the relevant subsidiary has validly and irrevocably transferred its interest in the Company to an Affiliate in respect of which no such event has occurred and such transfer is not challenged by any liquidator, receiver or other person, then BCETI Holdings Limited and its Affiliates shall be entitled to transfer Equity Securities then held by them to Cable and Wireless plc or any Affiliate or any other person nominated by Cable and Wireless plc without the need to offer such Equity Securities to the other holders of Equity Securities pursuant to Article 1(D)(6).
- (6) (i) Subject to the foregoing provisions of this Article 1(D) and to sub-paragraph (v) of this paragraph (6), in the event of any holder of Equity Securities (hereinafter called the "Vendor") desiring to transfer any Equity Securities it shall give written notice (a "Transfer Notice") to the secretary of its intention to dispose of such Equity Securities (the "Sale Shares") specifying the price per Sale Share at which the Sale Shares are to be sold (the "Prescribed Price") and the number and class of the Sale Shares and indicating whether or not the Vendor requires the purchaser of the Sale Shares to purchase a pro-rata proportion of the Loans of the Vendor and its Group and, if so, indicating the aggregate principal amount thereof together with interest accrued to the date of the Transfer Notice provided that no holder of Equity Securities shall be entitled to serve a Transfer Notice in respect of part only of its holding of Equity Securities unless, in the case of a transfer by Cable and Wireless plc or any of its Affiliates, such transfer is permitted under the terms of any agreement between Cable and Wireless plc and BCETI Holdings Limited. The sale of the Sale Shares (together with all rights then attached thereto) shall be at the Prescribed Price and the sale of the loans shall be at a price (the "Loan Price") equal to the relevant proportion of the aggregate principal amount thereof together with interest accrued to the date of completion of the sale of the Sale Shares and relevant Loans in each case on the basis set out in the following provisions of this sub-paragraph to any holder of Equity Securities and such Transfer Notice shall be irrevocable.
- (ii) The Sale Shares (and, if applicable, Loans) included in any Transfer Notice shall within seven days from the date the Transfer Notice is served on the Company (the "Notice Date") be offered by the secretary by notice in writing to all holders of Equity Securities (other than the Vendor) for purchase at the Prescribed Price plus, where applicable, the Loan Price (the "Offer"). Such Offer shall invite each of them to state in writing within 15 Business Days from the date of the Offer (the "Prescribed Period") whether it is willing to purchase any and if so what maximum number of the Sale Shares which may only be purchased with a proportionate part of the Loans, if then Vendor has indicated in the Transfer Notice that it requires a purchaser of the Sale Shares to purchase a pro-rata proportion of its Loans.
- (iii) At the expiration of the Prescribed Period the Company shall, subject to the Vendor's rights pursuant to paragraphs (v) and (vi) of this Article, allocate the Sale Shares (together, where applicable, with the relevant proportion of the Loans) to the holder or holders of Equity Securities who have notified their willingness to purchase as aforesaid and, in the event of competition (as nearly as may be without involving fractions or increasing the number sold to any holder of Equity Securities beyond the number applied for by it) in the Relevant Proportions at the date of the Offer.

- (iv) At the expiration of 14 days following the expiry of the Prescribed Period, the Company shall give notice in writing to the Vendor, which notice shall give details of the number of Sale Shares and the amount of Loans allocated (if any) to holders of Equity Securities (such holders being hereinafter referred to as "Purchasers") and the name and address of each Purchaser (the "Sale Notice"). The Vendor shall be deemed willing to transfer any part of the Sale Shares (together, where applicable, with the relevant proportion of the Loans), unless it has specified in the Transfer Notice a minimum number of the Sale Shares (the "Minimum Number"). If the Company has not allocated the Minimum Number, the Vendor may nevertheless notify the Company within seven days following the date of the Sale Notice that it is prepared to allow the transfer of fewer Sale Shares than the Minimum Number and if so such fewer number shall thereupon be deemed to be the Minimum Number.
- (v) Any Sale Shares not to be transferred to Purchasers (either because such Sale Shares have not been allocated by the Company or because the Company has not allocated the Minimum Number) (the "Unsold Shares") may be disposed of without further notice by the Vendor within three calendar months after the date of the Sale Notice on terms not more favourable to the purchaser than those referred to in the Transfer Notice. If a disposal of the Unsold Shares is not completed within the said period of three calendar months, no disposal of the Unsold Shares shall be made without compliance once again with this sub-paragraph.
- (vi) Any two or more holders of Equity Securities may deliver to the secretary a joint Transfer Notice stating that their Sale Shares are to be considered as one block of Sale Shares and, unless such Transfer Notice does not allow a partial transfer, any purchase of the Sale Shares by the Purchaser shall be made pro-rata to the Vendors' respective holdings unless otherwise agreed by all the Vendors.
- (vii) Subject to the allocation of any of the Sale Shares or, if applicable, allocation of the Minimum Number, the Vendor shall be bound to transfer and the Purchasers shall be bound to purchase such Sale Shares (together, where applicable, with the relevant proportion of the Loans) in accordance with, and within 30 Business Days from the date of, the Sale Notice, whereupon the Purchasers shall pay the Prescribed Price and, if appropriate, the Loan Price to the Vendor against delivery by the Vendor of duly executed stock transfer forms and share certificates in respect of the Sale Shares to be sold (and, if appropriate, assignments of the relevant Loans). If the Vendor makes default in any such transfers the Board may receive the purchase money in trust for the Vendor and give a good discharge for such purchase money on behalf of the Vendor and may authorise some person to execute transfers of the relevant Sale Shares (and, if appropriate, assignments of the relevant Loans) in favour of the Purchasers, and may enter the names of the Purchasers in the register of members as the holders by transfer of the Sale Shares so purchased by them. If any Purchaser defaults in the payment of the Prescribed Price and/or the Loan Price, the secretary shall notify all the other Purchasers of that fact and shall give them the right during a period of ten (10) Business Days to purchase the Sale Shares and, if appropriate, the relevant proportion of the Loans which were allocated to the defaulting Purchaser, failing which the Vendor shall have the right either to transfer such Sale Shares and, if appropriate, the relevant proportion of the Loans to a third party in accordance with paragraph (v) or to cancel all and any transfers pursuant to the Sale Notice and to dispose of all the Sale Shares to a third party in accordance with paragraph (v), without prejudice to the

rights of the Vendor and of each of the other Purchasers to claim damages against the defaulting Purchaser.

- (viii) In any circumstances where a transferee of Equity Securities is obliged to purchase Loans such transferee shall also be obliged to procure that a proportionate amount of any guarantees or indemnities given by the transferor and its Group in respect of the Company or its Group is released or assumed by the transferee.
- (7) If Cable and Wireless plc or any of its Affiliates which is a holder of Equity Securities proposes to dispose of Equity Securities to a third party or the Company proposes to issue Equity Securities to a third party, in either case such that following such sale or issue there would be a change of control of the Company, then BCETI Holdings Limited or any of its Affiliates may, without serving a Transfer Notice as required by Article 1(D)(6)(i), dispose or procure the disposal of all but not part only of the shares and Equity Securities held by it and its Affiliates either to Cable and Wireless plc or any of its Affiliates or to such third party on (in the case of Equity Securities) such terms and conditions as are in accordance with an agreement with Cable and Wireless plc.*
- (8) If an Insolvency Event shall have occurred in respect of a holder of Equity Securities other than Cable and Wireless plc or BCETI Holdings Limited or any of their respective Affiliates, such holder of Equity Securities shall be deemed on the date on which such Insolvency Event occurred to have given a Transfer Notice pursuant to Article 1(d)(6) in respect of all of the Equity Securities held by such holder of Equity Securities and all of such holder's Loans. Such Equity Securities shall be sold at Market Value or, in the case of Equity Securities other than Ordinary Shares, at Equivalent Market Value.*
- (9) For the purpose of ensuring that a transfer of Equity Securities is in accordance with Article 1(D) the Directors may from time to time require any holder of Equity Securities 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 reasonably require regarding any matter which they may deem relevant to such purpose.
- 1. (E) In the case of a sale by BCETI Holdings Limited and its Affiliates of all the Equity Securities held by them, BCETI Holdings Limited and its Affiliates shall be entitled to transfer any Non-voting Redeemable Shares and Redeemable Preference Shares held by them to any person without the need to obtain the consent in writing of all other members of the Company. In such circumstances such shares may be included in a Transfer Notice under Article 1(D)(6)(i) as if they were included in Loans and the Loan Price included their nominal value.
- 1. (F) Subject to Article (E), the directors may in their absolute discretion refuse to register any transfer of Redeemable Preference Shares without assigning a reason therefore.*

DEFINITIONS USED IN THIS PART 1

- 1. (G) When used in Part 1 of these Articles the following words and expressions shall have the following meanings:

* This clause was amended by a Special Resolution passed on 20th April, 1993.
 * This clause was amended by a Special Resolution passed on 20th April, 1993.
 * This clause was amended by a Special Resolution passed on 20th April, 1993.

"Acting in concert" shall have the meaning ascribed to it in the City Code on Takeovers and Mergers;

"Associate" means, in relation to Cable and Wireless plc or BCETI Holdings Limited a subsidiary, holding company or fellow subsidiary of Cable and Wireless plc or (as the case may be) BCETI Holdings Limited or if Cable and Wireless plc or (as the case may be) BCETI Holdings Limited is by whatever means entitled to control the exercise of the voting rights attached to securities beneficially owned by such person (either generally or in any relevant particular case), such person;

"Business Day" means, a day on which banks in London are open for normal business;

A **"change of control"** of Cable and Wireless plc shall be deemed to have occurred if any person (together with other members of its Group and persons acting in concert with it at the time of acquisition) shall become interested in more than fifty per cent. of the issued equity share capital of Cable and Wireless plc, a **"change of control"** of BCETI Holdings Limited shall be deemed to have occurred if any person other than BCE Inc. or a member of the same Group shall (together with other members of its Group and persons acting in concert with it) become interested in more than fifty per cent. of the issued equity share capital or voting capital of BCETI Holdings Limited and a change of control of any Affiliate of BCETI Holdings Limited having a direct or indirect interest in the Company, shall be deemed to have occurred if such person ceases for any reason to be an Affiliate of BCETI Holdings Limited and **"control"** shall be construed accordingly;

"Equity Security" means Ordinary Shares or securities convertible into or warrants or options to subscribe for Ordinary Shares and references to **"Equity Securities on a fully-diluted basis"** means the aggregate number of Equity Securities in issue and issuable pursuant to other Equity Securities in issue at the relevant time;

"Equity Securities on a fully-diluted basis" or any similar expression means the aggregate number of Ordinary Shares in issue or issuable pursuant to other Equity Securities in issue at the relevant time;*

"Equivalent Market Value", in relation to securities other than Ordinary Shares, means the market value of such securities calculated in the same manner (mutatis mutandis) as Market Value;*

"Group" in relation to any company means that company, its holding company and all the subsidiaries of its holding company;

An **"Insolvency Event"** shall be deemed to have occurred in relation to any person if any of the following events or any analogous events shall occur in any part of the world:

- (i) any distress, execution, sequestration or other process shall have been levied or enforced upon or sued out against a material part of its property which shall not have been discharged within 10 days; or

* This clause was amended by a Special Resolution passed on 20th April, 1993.

* This clause was inserted by a Special Resolution passed on 20th April, 1993.

- (ii) it shall be unable to pay its debts within the meaning of s.123 of the Insolvency Act 1986; or
- (iii) it shall have ceased or threatened to cease wholly or substantially to carry on its business, otherwise than for the purpose of a solvent reconstruction or amalgamation; or
- (iv) any encumbrancer shall have taken possession of or a receiver, administrator or trustee shall have been appointed over the whole or any material part of its undertaking, property or assets;
- (v) an order shall have been made or resolution passed for its winding-up, otherwise than for the purpose of a solvent reconstruction; or
- (vi) any event analogous to any of the foregoing shall have occurred in any jurisdiction in which any of its assets are situate;

"**Loans**" means the loans made to the Company by any holder of Equity Securities and its Affiliates who serves a Transfer Notice under Article 1(D)(6) and the members of its Group or, as the case may require, a proportionate part thereof;*

"**Market Value**" means the price which would be paid on the purchase for cash of that proportion of the Ordinary Shares whose Market Value falls to be established by an independent company or group of companies (other than an Associate of Cable and Wireless plc) engaged as its principal activity or one of its principal activities in the provision of telephonic or other telecommunications services in any part of the world who would have the rights of the Vendor under any relevant agreement agreed between the Vendor and the Company or in the absence of agreement between them within 90 days of the time when the relevant event giving rise to the determination of Market Value occurs, as determined by a merchant bank in London independent of the Company and the Vendor and agreed upon by the Company and the Vendor or (in the absence of agreement within 30 days after the expiry of the said period of 90 days) appointed on the application of either the Company or the Vendor by the President for the time being of the British Merchant Bankers Association who shall act as an expert and not as an arbitrator and whose decision shall be final and binding (and so that the fees of such merchant bank shall be borne equally by the Company and the Vendor);

"**Relevant Proportion**" means in relation to a holder of Equity Securities the proportion which the aggregate number of Ordinary Shares held, and Ordinary Shares issuable pursuant to other Equity Securities held, from time to time by it, together with its Affiliates, bears to the aggregate of the number of Ordinary Shares in issue, and the number of Ordinary Shares issuable pursuant to other Equity Securities in issue, held at such time by all the holders of Equity Securities together with their Affiliates.

VARIATION OF RIGHTS

- 1.(H) The rights conferred upon the holders of any class of share shall not be deemed to be varied by the creation or issue of further shares of any class or by any variation to the rights attaching to any other class of shares.

* This clause was amended by a Special Resolution passed on 20th April, 1993.

PART 2

(GENERAL PROVISIONS)

INTERPRETATION

EXCLUSION OF TABLE A

2. No requisitions set out in any statute, or in any statutory instrument or other subordinate legislation made under any statute, concerning companies shall apply as the regulations or articles of the Company.

3. DEFINITIONS USED GENERALLY IN THE ARTICLES

In these Articles unless the context otherwise requires:

"**these Articles**" means these articles of association as altered from time to time by special resolution and the expressions "**Article**" and "**thin Article**" shall be construed accordingly; and

"**Affiliate**" means in relation to any person, (the "**relevant party**") any of the following:

- (i) a company holding over 50 per cent. of the Equity Securities in the relevant party;
- (ii) a relevant subsidiary of the relevant party; or
- (iii) a relevant subsidiary of a holding company of the kind described in (i) above of the relevant party.

For this purpose a "**relevant subsidiary**" is a subsidiary:

- (a) in the Equity Securities of which the role has an attributable interest (taking account of minority interests in any intermediate holding companies) of over 50 per cent.; and
- (b) in which a member of the Group of the relevant party is the beneficial owner of more than half of the Equity Securities and of the share capital; and
- (c) all of whose share capital and all of the share capital of any holding company of which (other than the relevant party and any holding company of the relevant party), is beneficially owned by members of the Group of the relevant party or by investors engaged in businesses the principal activities of which do not include the principal activities of the Group of which the relevant party forms a part; and
- (d) the management and operational control of which is held by the relevant party;

the "**auditors**" means the auditors for the time being of the Company, or in the case of joint auditors, any one of them;

the "**board**" means the board of directors from time to time of the Company or the directors present at a meeting of the directors and which a quorum is present;

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

the "**Companies Act**" means every statute (including any orders regulations or other subordinate legislation made under it) from time to time in force concerning companies in so far as it applies to the Company;

the "**holder**" in relation to any shares means the member whose name is entered in the register as the holder of those shares;

"**member**" means a member of the Company;

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

"**paid up**" means paid up or credited as paid up;

"**person entitled by transmission**" means a person whose entitlement to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to its transmission by operation of law has been noted in the register;

the "**register**" means the register of members of the Company;

"**seal**" means any common or official seal that the Company may be permitted to have under the Companies Act;

the "**secretary**" means the secretary, or (if there are joint secretaries) any one of the joint secretaries, of the Company and includes an assistant or deputy secretary and any person appointed by the board to perform any of the duties of the secretary;

"**United Kingdom**" means Great Britain and Northern Ireland;

reference to a document being the "**executed**" include references to its being executed under hand or under seal or by any other method;

references to "**writing**" include reference to any method of representing or reproducing words in a legible and non-transitory form;

words or expressions to which a particular meaning is given by the Companies Acts in force when these articles or any part of these articles are adopted bear the same meaning in those articles or that part (as the case may be) save that the word "**Company**" shall include any body corporate; and

references to a "**meeting**" shall not be taken as requiring more than one person to be present if any quorum requirement can be satisfied by one person.

Headings and notes are included only for convenience and shall not affect meaning.

In the event of any conflict between part 1 and part 2 of these articles, part 1 shall prevail.

4. FORM OF RESOLUTION

Subject to the Companies Act, where for any purpose an ordinary resolution of the Company is required, a special or extraordinary resolution shall also be effective and where for any purpose an extraordinary resolution is required a special resolution shall also be effective.

SHARE CAPITAL

5. REDEEMABLE SHARES

Subject to the provisions of the Companies Act and to any rights conferred on the holders of any other shares, any share may be issued which is to be redeemed, or is to be liable to be redeemed at the option of the Company or the holder on such terms and in such manner as may be provided by the Articles.

6. PURCHASE OF OWN SHARES

Subject to the provisions of the Companies Act and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its shares of any class, including any redeemable shares. Purchases or contracts for the purchase of, or under which the Company may become entitled or obliged to purchase, shares in the Company shall be authorised by such resolution of the Company as may be required by the Companies Act and by an extraordinary resolution passed at a separate general meeting of the holders of any class of shares which at the date on which the purchases or contracts are authorised by the Company in general meeting entitle them, either immediately or at any time later on, to convert all or any of the shares of that class held by them into equity share capital of the Company. The Company may make a payment in respect of the redemption or purchase otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares. The Company or the board shall be required to select the same class and as between them and the holders of shares of any other class and in accordance with the rights as to dividends or capital conferred by any class of shares.

7. UNISSUED SHARES

Subject to the provisions of the Companies Acts and these Articles, the unissued shares of the Company (whether forming part of the original or any increased capital) shall not be at the disposal of the board which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms as the board may decide.

8. PERMIT OF COMMISSION

The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Companies Acts.

9. TRUSTS NOT RECOGNISED

Except as ordered by a court of competent jurisdiction or as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice of it) any interest in any share other than an absolute right to the whole of the share in the holder.

CERTIFICATES

10. RIGHT TO SHARE CERTIFICATE

Every person whose name is entered in the register as a holder of any shares shall be entitled without payment, to receive within 10 days after allotment or lodgement of a transfer to him of those shares one certificate for all those shares of any one class or several certificates each for one or more of the shares of the class in question upon payment for every certificate after the first of such reasonable out-of-pocket expenses as the board may from time to time decide. In the case of a share held jointly by several persons, delivery of a certificate to one of several joint holders shall be sufficient delivery to all. A member who transfers some but not all of the shares comprised in a certificate shall be entitled to a certificate for the balance without charge.

11. REPLACEMENT OF SHARE CERTIFICATES

If a share certificate is defaced, worn out, lost or destroyed, it shall be replaced without fee but on such terms (if any) as to evidence and indemnity and to payment of any exceptional out-of-pocket expenses of the Company in investigating the evidence and preparing the indemnity as the board may decide and, where it is defaced or worn out, after delivery of the old certificates to the Company.

12. SEALING OF CERTIFICATES

Every share certificate shall be executed under seal or in such other manner as the board having regard to the terms of issue may authorise, and shall specify the number and class of the shares to which it relates and the amount or respective amounts paid up on the shares. The board may by resolution decide, either generally or in any particular case or cases, that any signatures on any share certificate need not be autographic but may be applied to the certificates by some mechanical means or may be printed on them or that the certificates need not be signed by any person.

LIEN

13. COMPANY'S LIEN ON SHARES NOT FULLY PAID

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable to the Company (whether presently or not) in respect of that share. The Company's lien on a share shall extend to every amount payable in respect of it.

14. ENFORCING LIEN BY SALE

The Company may sell, in such manner as the board may decide, any shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after a notice in writing has been served on the holder of the shares, demanding payment and stating that if the notice is not complied with the shares may be sold. For giving effect to the sale the board may authorise some person to or in accordance with the directions of the purchaser. The transferee shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in reference to the sale.

15. APPLICATION OF PROCEEDS OF SALE

The net proceeds, after payment of the costs, of the sale by the Company of any shares on which it has a lien shall be applied in or towards payment or discharge of the debt or liability in respect of which the lien exists so far as it is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale and upon surrender, if required by the Company, for cancellation of the certificate for the shares sold) be paid to the person who was the holder immediately before the sale.

CALLS OF SHARES**16. CALLS**

Subject to the terms of issue, the board may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium) and not payable on a date fixed by or in accordance with the terms of issue, and each member shall (subject to the Company serving upon him at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be revoked or postponed as the board may decide. A person upon whom a call is made shall remain liable for all calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. In relation to all claims, all holders of shares of the same class shall be treated equally.

17. PAYMENT ON CALLS

A call may be made payable by instalments and shall be deemed to have been made at the time when the resolution of the board authorising the call was passed.

18. LIABILITY OF JOINT HOLDERS

The joint holders of a share shall be jointly and severally liable to pay all calls in respect of the share.

19. INTEREST DUE ON NON-PAYMENT

If a call remains unpaid after it has become due and payable, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it is due and payable to the time of actual payment of such rate (not exceeding 2 per cent. per annum above the base rate for the time being of Barclays Bank PLC) as the board may decide, but the board shall be at liberty to waive payment of the interest wholly or in part.

20. SUMS DUE ON ALLOTMENT TREATED AS CALLS

Any amount which becomes payable in respect of a share on allotment or on any other date fixed by or in accordance with the terms of the issue, whether in respect of the nominal amount of the share or by way of premiums or as an instalment of a call, shall be deemed to be a call and, if it is not paid, all the provisions of these Articles shall apply as if the sum had become due and payable by virtue of a call.

FORFEITURE OF SHARES

21. NOTICE IF CALL OR INSTALMENT NOT PAID

If any call or instalment of a call remains unpaid on any share after the day appointed for payment, the board may at any time serve a notice on the holder requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

22. FORM OF NOTICE

The notice shall name a further day (not being less than fourteen clear days from the date of the notice) on or before which, and the place where, the payment required by the notice is to be paid and shall state that in the event of non-payment on or before the day and at the place appointed, the shares in respect of which the call was made or instalment is payable will be liable to be forfeited. The board may accept the surrender of any share liable to be forfeited and, in that event, references in these articles to forfeiture shall include surrender.

23. FORFEITURE IF NON COMPLIANCE WITH NOTICE

If the notice is not complied with, any share in respect of which it was given may, at any time before payment of all calls on instalments and interest due in respect of it has been made, be forfeited by a resolution of the board to that effect and the forfeiture shall include all dividends declared and other moneys payable in respect of forfeited shares and not paid before the forfeiture.

24. NOTICE AFTER FORFEITURE

When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share.

25. SALE OF FORFEITED SHARES

Until cancelled in accordance with the requirements of the Companies Acts, a forfeited share shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was, before forfeiture, the holder or to any other person upon such terms and in such manner as the board shall decide. The board may for the purposes of the disposal authorise some person to execute an instrument of transfer to the designated transferee. The Company may receive the consideration (if any) given for the share on its disposal and if the share is in registered form may register the transferee as the holder of the share. At any time before a sale, re-allotment or disposal on the forfeiture may be cancelled by the board on such terms as the board may decide.

26. ARREARS TO BE PAID NOTWITHSTANDING FORFEITURES

A person whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificate for the forfeited shares but shall remain liable to pay to the Company all moneys which at the date of the forfeiture were payable by him to the Company in respect of those shares with interest thereon at the rate of 2 per cent. per annum above the base rate for the time being of Barclays Bank PLC (or such lower rate as the board may decide) from the date of forfeiture until payment, and the Company may enforce payment without being under any obligation to make any allowance for the value of the shares forfeited or for any consideration received on their disposal.

27. STATUTORY DECLARATION AS TO FORFEITURE

A statutory declaration that the declarant is a director of the Company the Secretary and that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it in favour of any transferee of the share. The declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale, re-allotment or disposal.

TRANSFER OF SHARES

28. FORM OF TRANSFER

Subject to such of the restrictions in Part 1 of these Articles as may be applicable, any member may transfer all or any of his shares by an instrument of transfer in any usual form or in any other form which the board may approve.

29. EXECUTION OF TRANSFER

The instrument of transfer of a share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect of it. All instruments of transfer, when registered, may be retained by the Company.

30. RIGHTS TO DECLINE REGISTRATION

(A) The board may decline to register any transfer unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates or such other evidence as the board may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of share; and
- (c) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

(B) Notwithstanding anything contained in these Articles, the Directors may refuse to register any transfer or transfers of any share or shares if it appears to the Directors after notification to and consultation with the appropriate authorities that such transfer if registered would constitute a breach of the terms of or would be likely to give rise to the revocation of any licence granted to the Company or to any subsidiary of the Company under the Telecommunications Act 1984, the Cable and Broadcasting Act 1984, the Broadcasting Act 1990 or the Wireless Telegraphy Acts 1949-1967 (or any statutory modifications or re-enactments thereof) whether by reason of the number of shares comprised in the transfer or for any other reason and if such is the case the Directors may refuse to register the transfer of all the shares proposed to be transferred at the time and not merely the transfer of that proportion of the shares, the transfer of which would constitute a breach or be likely to give rise to a revocation as aforesaid.

31. NOTICE OF REFUSAL

If the board declines to register a transfer it shall, within 14 days after the date on which the instrument of transfer was lodged, send to the transferee notice of the refusal.

32. NO FEE FOR REGISTRATION

No fee shall be charged by the Company for registering any transfer or other document relating to or affecting the title to any share or for making any other entry in the register.

TRANSMISSION OF SHARES**33. TRANSMISSION ON DEATH**

- (A) If a member who is not a joint holder or is the only survivor of joint holders dies, a Transfer Notice shall be deemed to have been issued by such member pursuant to Article 1(D)(6) on the date of his death in respect of all shares or Equity Securities held by such member and all of such member's Loans and the personal representative of such member shall be bound by the Transfer Notice and shall be deemed to be the Vendor for all the purposes of Article 1(D)(6). The Prescribed Price shall be the fair value of such Equity Securities to be determined by the Directors and approved by the Vendor and, in default of agreement, shall be determined by the Auditors acting as experts and not as arbitrators at the expense of the Vendor, and whose decision shall be final and binding on all parties. Any Unsold Shares may be disposed of in accordance with Article 1(D)(6).
- (B) If a member who was a joint holder dies the survivor or survivors shall be the only persons recognised by the Company as having any title to his shares, but nothing contained in these Articles shall release the estate of a deceased holder from any liability in respect of any share held by him solely or jointly with other persons.

34. ENTRY OF TRANSMISSION IN REGISTER

Where the entitlement of a person to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to its transmission by operation of law is proved to the satisfaction of the board, the board shall within 14 days after proof cause the entitlement of that person to be noted in the register.

35. ELECTION OF PERSON ENTITLED BY TRANSMISSION

Any person entitled by transmission to a share may, subject as provided elsewhere in these Articles, elect either to become the holder of the share or to have some person nominated by him registered as the holder. If he elects to be registered himself, he shall give notice to the Company to that effect. If he elects to have another person registered, he shall execute an instrument of transfer of the share in favour of that person. All the provisions of these Articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if the death or bankruptcy of the member or other event giving rise to the transmission had not occurred and the notice or instrument of transfer was an instrument of transfer executed by the member.

36. RIGHTS OF PERSON ENTITLED BY TRANSMISSION

Where a person becomes entitled by transmission to a share, the rights of the holder in relation to that share shall cease, but the person entitled by transmission to the share may give a good discharge for any dividends or other moneys payable in respect of it and shall have the same rights in relation to the share as he would have had if he were the holder of it save that, until he becomes the holder, he shall not be entitled in respect of the share to attend or vote at any general meeting of the Company or at any separate general meeting of the holders of any class of shares in the Company. The board may at any time give notice requiring the person to elect either to be registered himself or to transfer the share and if the notice is not complied with within 60 days the board may withhold payment of all dividends and other moneys payable in respect of the share until the requirements of the notice have been complied with.

ALTERATION OF SHARE CAPITAL

37. INCREASE, CONSOLIDATION, SUB-DIVISION AND CANCELLATION

The Company may from time to time by ordinary resolution:

- (a) increase its share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (b) consolidate and divide nil or any of its share capital into shares of larger amount than its existing shares;
- (c) subject to the provisions of the Companies Act, sub-divide its shares or any of them into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared with the others; and
- (d) 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 share capital by the amount of the share so cancelled.

38. FRACTIONS

Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the board may deal with the fractions as it thinks fit and in particular may sell the shares representing the fractions to any person (including, subject to the provisions of the Companies Acts, the Company) and distribute the net proceeds of sale in due proportion among those members and the board may authorise some person to transfer or deliver the shares to, or in accordance with the directions of, the purchaser. The person to whom any shares are transferred or delivered shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity is, or invalidity, of proceedings relating to the sale.

39. REDUCTION OF CAPITAL

Subject to the provisions of the Companies Acts, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

GENERAL MEETINGS

40. EXTRAORDINARY GENERAL MEETINGS

Any general meeting of the Company other than an annual general meeting shall be called an extraordinary general meeting.

41. ANNUAL GENERAL MEETINGS

The board shall convene and the company shall hold general meetings as annual general meetings in accordance with the requirements of the Companies Acts.

42. CALLING OF EXTRAORDINARY GENERAL MEETINGS

The board may whenever it thinks fit and shall on requisition in accordance with the Companies Acts convene an extraordinary general meeting.

43. WRITTEN RESOLUTION

A resolution in writing signed by or, in the case of a corporation, on behalf of all the members entitled to attend and vote at a general meeting of the Company shall be as valid and effectual as a resolution passed at a general meeting of the Company. The resolution may be contained in one document or in several documents in like form each executed by or on behalf of one or more of the members.

NOTICE OF GENERAL MEETINGS

44. LENGTH OF NOTICE

An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by not less than 21 clear days' notice in writing. All other extraordinary general meetings shall be called by not less than 14 clear days' notice in writing. The notice shall specify the place, day and time of the meeting, and give reasonable particulars of the business to be transacted. Notice of every general meeting shall be given to all members other than any who, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors or, if more than one, each of them.

Notwithstanding that a meeting of the Company is called by shorter notice than that specified in this Article, it shall be deemed to have been properly called if it is so agreed:

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares given that right.

PROCEEDINGS AT GENERAL MEETINGS

45. QUORUM

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the meeting. Save as otherwise provided by these Articles, two members, present in person or by proxy and entitled to vote shall be a quorum for all purposes.

46. PROCEDURE IF QUORUM NOT PRESENT

If within five minutes (or such longer time not exceeding one hour as the chairman of the meeting may decide to wait) after the time appointed for the commencement of the meeting a quorum is not present or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to such other day (not being less than 10 nor more than 28 days later) each at such other time or place as the chairman of the meeting may decide and at such adjourned meeting one member present in person or by proxy (whatever the number of shares held by him) shall be a quorum. The Company shall give not less than seven clear days' notice in writing of any meeting adjourned through want of a quorum and the notice shall state that one member present in person or by proxy (whatever the number of shares held by him) shall be a quorum.

47. CHAIRMAN OF GENERAL MEETING

The chairman (if any) of the board or, in his absence, the deputy chairman (if any) shall preside as chairman at every general meeting. If there is not chairman or deputy chairman, or if at any meeting neither the chairman nor any deputy chairman is present within 15 minutes after the time appointed for the commencement of the meeting, or if neither the chairman nor any deputy chairman is willing to act as chairman, the directors present shall choose one of their number to act, or if one director only is present he shall preside as chairman if willing to act. If no director is present, or if each of the Directors present declines to take the chair, the persons present and entitled to vote shall appoint one of their number to be chairman.

48. DIRECTORS' RIGHT TO ATTEND AND SPEAK

Each Director shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of shares in the Company.

49. ADJOURNMENTS

The chairman may at any time with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting to another time or place. No business shall be transacted at any adjourned meeting except business which might properly have been transacted at the meeting had the adjournment not taken place.

50. NOTICE OF ADJOURNMENT

When a meeting is adjourned for 14 days or more, at least seven clear days' notice of the adjourned meeting shall be given specifying the place, date and time of that meeting and reasonable particulars of the business to be transacted thereat. Except where these Articles otherwise require, it shall not be necessary to give any notice of an adjourned meeting or of the

business to be transacted at an adjourned meeting. In all other cases, a minimum of 48 hours' notice of an adjourned meeting shall be given to all directors. In any case where less than 14 days' notice is given, such notice shall be given personally or by telephone or facsimile and not by post only.

VOTING

51. METHOD OF VOTING

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is properly demanded. Subject to the Companies Acts, a poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least two members present in person or by proxy and entitled to vote; or
- (c) any member or members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all the members having the right to attend and vote at the meeting; or
- (d) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll is so demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost shall be conclusive evidence of the fact without proof of the member or proportion of the votes recorded for or against the resolution.

52. PROCEDURE IF POLL DEMANDED

If a poll is properly demanded it shall be taken in such manner as the chairman shall direct and he may appoint scrutineers who need not be members. The result of the poll shall be deemed to be the resolutions of the meeting at which the poll was demanded.

53. WHEN POLL TO BE TAKEN

A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken before the close of the meeting (or adjourned meeting) at which such poll is demanded.

54. CONTINUANCE OF OTHER BUSINESS AFTER POLL DEMAND

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded, and it may be withdrawn with the consent of the chairman at any time before the taking of the poll and in that event shall not invalidate the result of a show of hands declared before the demand was made.

55. VOTES OF MEMBERS

Subject to Part 1 of these Articles and to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of these Articles, on a show of hands every member who (being an individual) is present in person at a general meeting of the Company or (being a corporation) is present by a duly authorised representative, shall have one vote, and on a poll every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall have one vote for every £1.00 nominal amount of share capital of which he is the holder.

56. VOTES ON A POLL

On a poll votes may be given either personally or by proxy.

57. VOTES OF JOINT HOLDERS

In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

58. VOTING ON BEHALF OF INCAPABLE MEMBER

A member in respect of whom an order has been made by any competent court or official on the ground that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote, whether on a show of hands or on a poll, by any person authorised in such circumstances to do so on his behalf and that person may vote on a poll by proxy, provided that evidence to the satisfaction of the board of the authority of the person claiming to exercise the right to vote has been delivered at the office (or at such other place as may be specified in accordance with these Articles for the delivery of instruments appointing a proxy) not later than the last time at which an instrument of proxy should have been delivered in order to be valid for use at that meeting or on the holding of that poll.

59. NO RIGHT TO VOTE WHERE SUMS OVERDUE ON SHARES

No member shall be entitled to vote at any general meeting of the company or at any separate general meeting of the holders of any class of shares in the Company unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

60. OBJECTIONS OR ERRORS IN VOTING

If:

- (a) any objection shall be raised to the qualification of any voter; or
- (b) any votes have been counted which ought not to have been counted or which might have been rejected; or
- (c) any votes are not counted which ought to have been counted,

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless it is raised or pointed out at the meeting or, as the case may be, the adjourned

meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be conclusive.

PROXIES

61. EXECUTION OF PROXIES

An instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign it.

62. DELIVERY OF PROXIES

The instrument appointing a proxy and (if required by the board) any authority under which it is executed or a copy of the authority, certified notarially or, if the member is a corporation, by the secretary, or in some other manner approved by the board, must be delivered to the office (or to such other place in the United Kingdom as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any accompanying document) before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and an instrument of proxy which is not so delivered shall be invalid. When two or more valid but differing instruments of proxy are delivered in respect of the same shares for use at the same meeting, the one which is last delivered (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that share: if the company is unable to determine which was last delivered, none of them shall be treated as valid in respect of that share. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. The board shall treat a faxed or other machine made copy of an instrument appointing a proxy as such an instrument for this purpose of this Article.

63. MAXIMUM VALIDITY OF PROXY

No instrument appointing a proxy shall be valid after twelve months have elapsed from the date of its execution.

64. FORM OF PROXY

Instruments of proxy shall be in any usual form or in such other form as the board may approve and the board may, if it thinks fit, but subject to the provisions of the Companies Acts, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated in it, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

65. CANCELLATION OF PROXY'S AUTHORITY

A vote given or poll demanded by a proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the

person voting or demanding a poll, unless notice in writing of the determination was received by the Company at the office (or such other place in the United Kingdom as was specified for the delivery of instruments of proxy in the notice convening the meeting or other accompanying document) not later than the last time at which an instrument of proxy should have been delivered in order to be valid for use at the meeting or on the holding of the poll at which the vote was given or the poll demanded.

APPOINTING, RETIREMENT AND REMOVAL OF DIRECTORS

66. NUMBER OF DIRECTORS

The directors (disregarding alternate directors) shall not be subject to any maximum but shall be not less than two.

67. AGE OF DIRECTORS

No person shall be disqualified from being appointed a director, and no director shall be required to vacate that office, by reason only of the fact that he has attained a particular age.

68. DIRECTORS' SHAREHOLDING QUALIFICATION

No shareholding qualification for directors shall be required.

69. POWER OF THE COMPANY TO APPOINT DIRECTORS

Subject to the provision of these Articles, the Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing board.

70. POWER OF THE BOARD TO APPOINT DIRECTORS

Without prejudice to the power of the Company in general meeting pursuant to any of the provisions of these Articles to appoint any person to be a director, the board may appoint any person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing board.

71. POWER OF REMOVAL BY SPECIAL RESOLUTION

In addition to any power of removal conferred by the Companies Acts, the Company may by special resolution remove any director before the expiration of his period of office and may (subject to these Articles) by ordinary resolution appoint another person who is willing to act to be a director in his place.

72. PERSONS ELIGIBLE AS DIRECTORS

No person shall be appointed or reappointed a director at any general meeting unless:

- (a) he is recommended by the board;
- (b) not less than six nor more than 35 clear days before the day appointed for the meeting, notice executed by a member qualified to vote at the meeting (not being the person to be proposed) has been given to the secretary of the intention to propose that person for

appointment or reappointment together with notice executed by that person of his willingness to be appointed or reappointed.

73. VACATION OF OFFICE BY DIRECTORS

Without prejudice to any other provisions contained in these Articles, the office of a director shall be vacated if:

- (a) he resigns his office by notice in writing delivered to the office or tendered at a meeting of the board; or
- (b) he is, or may be, suffering from mental disorder and either:
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
- (c) he becomes bankrupt or enters into a general composition with his creditors; or
- (d) he is prohibited by law from being a director.

74. ALTERNATE DIRECTORS

- (A) Each director may appoint any person previously approved by the board (such approval not to be unreasonably withheld or delayed) to be his alternate and may at his discretion remove an alternate director so appointed provided that the board shall not in any event withhold or delay its approval where the person appointed an alternate director is an officer or employee of BCETI Holdings Limited or of a subsidiary of BCETI Holdings Limited or (where the appointment is for one specified board meeting only, a professional adviser of BCETI Holdings Limited or of a subsidiary of BCETI Holdings Limited. Any appointment or removal of an alternate director shall be effected by notice in writing executed by the appointor and delivered to the office or tendered at a meeting, or in any other manner approved by the board. If his appointor so requests, an alternate director shall be entitled to receive notice of all meetings of the board or of committee of the board of which his appointor is a member. He shall also be entitled to attend and vote as a director at any such meeting at which the director appointing him is not personally present and at the meeting to exercise and discharge all the functions, powers and duties of his appointor as a director and for the purposes of the proceedings at the meeting the provisions of these Articles shall apply as if he were a director.
- (B) Every person acting as an alternate director shall (except as regards power to appoint an alternate and remuneration) be subject in all respects to the provisions of these Articles relating to directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the director appointing him. An alternate director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the company any fee in his capacity as an alternate director.

- (C) Every person acting as an alternate director shall have one vote for each director for whom he acts as alternate, In addition to his own vote if he is also a director. Execution by an alternate director of any resolution in writing of the board or a committee of the board shall, unless the notice of his appointment provides to the contrary, be as effective as execution by his appointor.
- (D) An alternate director shall automatically cease to be an alternate director if his appointor ceases for any reason to be a director except that, if at any meeting any director retires but is reappointed or deemed to be reappointed at the same meeting, any appointment made by him pursuant to this Article which was in force immediately before his retirement shall remain in force as though he had not retired.

75. EXECUTIVE DIRECTORS

The board or any committee authorised by the board may from time to time appoint one or more directors to hold any employment or executive office with the Company (including that of a managing director) for such period (subject to the provisions of the Companies Acts) and upon such other terms as the board or any committee authorised by the board may in its discretion decide and may revoke or terminate any appointment so made. Any revocation or termination of the appointment shall be without prejudice to any claim for damages that the director may have against the Company or the Company may have against the director for any breach of any contract of service between him and the Company which may be involved in the revocation or termination. A director so appointed shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board or any committee authorised by the board may decide, and either in addition to or in lieu of his remuneration as a director.

REMUNERATION EXPENSES AND PENSIONS

76. DIRECTORS' FEES

Each of the directors shall be paid an equal fee at such rate as may from time to time be determined by the board.

77. ADDITIONAL REMUNERATION

Any director who, by request, goes or resides abroad for any purposes of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board or any committee authorised by the board may in its discretion decide in addition to any remuneration provided for by or pursuant to any other Article.

78. EXPENSES

Each director shall be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the board or committees of the board of general meetings of the Company or any other meeting which as a director he is entitled to attend and shall be paid all other costs and expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a director.

79. PENSIONS AND GRATUITIES FOR DIRECTORS

The board or any committee authorised by the board may exercise all the powers of the Company to provide benefits, either by the payment of gratuities or pensions or by insurance or in any other manner whether similar to the foregoing or not, for any director or former director or the relations, connections or dependants of any director or former director provided that no benefits (except such as may be provided for by any other Article) may be granted to or in respect of a director or former director who has not been employed by, or held an executive or other office or place of profit under, the Company or any body corporate which is or has been its subsidiary or any predecessor in business of the Company or any such body corporate without the approval of an ordinary resolution of the Company. No director or former director shall be accountable to the Company or the members for any benefit provided pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.

DIRECTORS' INTERESTS

80. PERMITTED INTERESTS AND VOTING

- (A) Subject to the provisions of the Companies Acts and of paragraph (H) of this Article, no director or proposed or intending director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any contract in which any director is in any way interested be liable to be avoided, nor shall any director who is so interested be liable to account to the Company or the members for any remuneration, profit or other benefit realised by the contract by reason of the director holding that office or of the fiduciary relationship thereby established.
- (B) A director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director for such period (subject to the provisions of the Companies Acts) and upon such other terms as the board may decide, and may be paid such extra remuneration for so doing (whether by way of salary, commission, participation in profits or otherwise) as the board may decide, and either in addition to or in lieu of any remuneration provided for by or pursuant to any other Article.
- (C) A director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested or as regards to which it has any power of appointment, and shall not be liable to account to the Company or the members for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in the other company. The board may also cause any voting power conferred by the shares in any other company held or owned by the company or any power of appointment to be exercised in such manner in all respects as it thinks fit, including the exercise of the voting power or power of appointment in favour of the payment of remuneration to the directors or officers of the other company.
- (D) A director may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director.

- (E) A director shall not vote on or be counted in the quorum in relation to any resolution of the board concerning his own appointment, or the settlement or variation of the terms or termination of his own appointment, as the holder of any office or place or profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment, or the settlement or variation of the terms or the termination of the appointment, of two or more directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each director and in that case each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns his own appointment or the settlement or variation or terms of the termination of his own appointment or the appointment of another director to an office or place of profit with a company in which the Company is interested and the director seeking to vote or be counted in the quorum owns one per cent. or more of it.
- (F) Save as otherwise provided by these Articles, a director shall not vote on, or be counted in the quorum in relation to, any resolution of the board in respect of any contract in which he is to his knowledge materially interested and, if he shall do so, his vote shall not be counted, but this prohibition shall not apply to any resolution where the material interest arises only from one or more of the following matters:
- (i) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him for the benefit of the Company or any to its subsidiaries;
 - (ii) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any to its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (iii) the subscription or purchase by him of shares, debentures or other securities of the company pursuant to an offer or invitation to members or debenture holders of the Company, or any class of them, or to the public or any section of the public;
 - (iv) the underwriting by him of any shares, debentures or other securities of the Company or any of its subsidiaries;
 - (v) any contract in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
 - (vi) any contract concerning any other company in which he is interested as an officer, shareholder or creditor;
 - (vii) any contract concerning the adoption, modification or operation of a pension fund or retirement death or disability benefits scheme which relates both to directors and employees of the Company or of any of its subsidiaries and does not provide in respect of any director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;
 - (viii) any contract for the benefit of employees of the company or of any of its subsidiaries under which he benefits in a similar manner to the employees and which does not

accord to any director as such any privilege or advantage not accorded to the employees to whom the contract relates; and

- (ix) any contract for the purchase and maintenance of any director or directors of insurance against any liability.
- (G) If any question shall arise at any meeting of the board as to the materiality of the interest of a director (other than the chairman of the meeting) or as to the title of any director (other than the chairman of the meeting) to vote or be counted in the quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, the question shall be referred to the chairman of the meeting, the question shall be decided by a resolution of the board (for which purpose the chairman shall be counted in the quorum but shall not vote on the matter) and the resolution shall be conclusive except in a case where the nature or extent of the interest of the chairman (so far as it is known to him) has not been fairly disclosed to the board.
- (H) A director who to his knowledge is in any way, whether directly or indirectly, interested in a contract with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the board after he knows that he is or has become so interested. For the purposes of this Article, a general notice to the board by a director to the effect that (a) he is a member of a specified company or firm and is to be regarded as interested in any contract which may after the date of the notice be made with that company or firm or (b) he is to be regarded as interested in any contract which may after the date of the notice be deemed to be a sufficient declaration of interest under this Article in relation to any such contract; provided that no such notice shall be effective unless either it is given at a meeting of the board or the director takes reasonable steps to secure that it is brought up and read at the next board meeting after it is given.
- (I) References in this Article to a contract include references to any proposed contract and to any transaction or arrangement whether or not constituting a contract.
- (J) Subject to the provision of the Companies Acts, the Company may by ordinary resolution suspend or relax the provisions of this Article to any extent or ratify any contract not properly authorised by reason of a contravention of this Article.

POWERS AND DUTIES OF THE BOARD

81. GENERAL POWERS OF THE COMPANY VESTED IN THE BOARD

Subject to the provisions of the Companies Act, the memorandum of association of the Company and these Articles and to any directions given by the Company in general meeting by special resolution, the business of the Company shall be managed by the board which may exercise all the powers of the Company whether relating to the management of the business of the company or not. No alteration of the memorandum of association or these Articles and no special resolution shall invalidate any prior act of the board which would have been valid if that alteration had not been made or that resolution had not been passed. The powers given by this Article shall not be limited by any special power given to the board by any other Article.

82. POWERS OF ATTORNEY

The board may, by power of attorney or otherwise, appoint any person to be the agent of the Company upon such terms (including terms as to remuneration) as it may decide and may delegate to any person so appointed any of its powers, authorities and discretions (with power to sub-delegate). The board may remove any person appointed under this Article and may revoke or vary the delegation but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

83. DELEGATIONS TO INDIVIDUAL DIRECTORS

The board may entrust to and transfer upon any director any of its powers, authorities and discretions (with power to sub-delegate) upon such terms and conditions and with such restrictions as it thinks fit and either collaterally with, or to the exclusion of, its own powers, authorities and discretions and may from time to time revoke or vary all or any of them but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

84. OFFICIAL SEALS

The Company may exercise all the powers conferred by the Companies Acts with regard to having official seals, and those powers shall be vested in the board.

85. REGISTERS

Subject to the provisions of the Companies Acts, the Company may keep an overseas or local or other register in any place, and the board may make and vary such regulations as it may think fit regarding the keeping of the register.

86. PROVISION FOR EMPLOYEES

The board may exercise any power conferred by the Companies Acts to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

PROCEEDINGS OF THE BOARD**87. BOARD MEETINGS**

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A director at any time may, and the secretary or the assistant secretary on the requisition of a director at any time shall, summon a board meeting.

88. NOTICE OF BOARD MEETINGS

Unless each Director otherwise agrees, generally, or in a specific case, at least 48 hours' notice of board meetings shall be given to each Director and, where less than 14 days' notice of a board meeting is given such notice shall be given personally or by telephone or facsimile and not by post only. Notice of a board meeting shall be deemed to be properly given to a director if it is given to him personally or by telephone or facsimile or, subject as aforesaid, sent in

writing to him at his last known address or any other address given by him to the Company for this purpose.

89. QUORUM

The quorum necessary for the transaction of the business of the board may be fixed by the board and, unless not fixed at any other number, shall be two. Subject to the provisions of these Articles, any director who ceases to be a director at a board meeting may continue to be present and to act as a director and be counted in the quorum until the termination of the board meeting if no other director objects and if otherwise a quorum of directors would not be present.

90. DIRECTORS BELOW MINIMUM THROUGH VACANCIES

The continuing directors or a sole continuing director may act notwithstanding any vacancy in their number 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, notwithstanding that the number of directors is below the number fixed by or in accordance with these Articles as the quorum or that there is only one continuing director, may act for the purpose of filling vacancies or of summoning general meetings of the Company but not for any other purpose.

91. APPOINTMENT OF CHAIRMAN

The board may appoint a director to be the chairman or the deputy chairman of the board, and may at any time remove him from that office. Unless he is unwilling to do so, the chairman or failing him the deputy chairman shall act as chairman at every meeting of the board. If no chairman or deputy chairman is appointed, or if at any meeting neither the chairman nor any deputy chairman is present within five minutes after the time appointed for holding the meeting and willing to act, the directors present may choose one of their number to be chairman of the meeting.

92. COMPETENCE OF MEETINGS

A meeting of the board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the board.

93. VOTING

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall not have a second or casting vote.

94. DELEGATION TO COMMITTEES

The board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee, consisting of such person or persons (whether a member or members of its body or not) as it thinks fit. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the board. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Articles for regulating the meetings and proceedings of the board so far as the same are applicable and are not superseded by any regulations imposed by the board.

95. PARTICIPATION IN MEETINGS BY TELEPHONE OR VIDEO CONFERENCE FACILITIES

All or any of the members of the board or any committee of the board may participate in a meeting of the board or that committee by means of a conference telephone or video conferencing facilities or any other communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or 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 then is.

96. RESOLUTION IN WRITING

A resolution in writing executed by all the directors for the time being entitled to receive notice of a meeting of the board (if that number is sufficient to constitute a quorum) or their alternatives or by all the members of a committee for the time being shall be as valid and effectual as a resolution passed at a meeting of the board or, as the case may be, of the committee properly called and constituted. The resolution may be contained in one document or in several documents in like form each executed by one or more of the directors or members of the committee concerned.

SECRETARY AND ASSISTANT SECRETARY

97. (A) APPOINTMENT OF THE SECRETARY

The secretary shall be appointed by the directors for such term, at such remuneration and on such conditions as they may think fit, and any secretary so appointed may be removed by them.

97. (B) POWERS OF THE ASSISTANT SECRETARY

The directors may appoint an assistant secretary who shall be entitled to exercise all the powers of the secretary.

SEALS

98. USE OF SEALS

The board shall provide for the custody of every seal of the Company. A seal shall only be used by the authority of the board or of a committee of the board authorised by the board in that behalf. Subject as otherwise provided in these articles, any instrument to which the common seal is applied shall be signed by at least one director and the secretary or assistant secretary or by at least two directors, and any instrument to which an official seal is applied need not, unless the board for the time being otherwise decides or the law otherwise requires, be signed by any person.

99. VALIDITY OF ACTS - BOARD OR COMMITTEE

All acts done by the board or any committee or by any person acting as a director or member of a committee shall, notwithstanding that it is afterwards discovered that there was some default in the appointment of any member of the board or committee or person so acting or that

they or any of them were disqualified or had vacated office, be as valid as if each such member or person had been properly appointed and was qualified and had continued to be a director or member of the committee.

DIVIDENDS AND OTHER PAYMENTS

100. DECLARATION OF DIVIDENDS BY THE COMPANY

Subject to the provisions of the Companies Acts, the Company may by ordinary resolution from time to time declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the board.

101. PAYMENT OF INTERIM AND FIXED DIVIDENDS BY THE BOARD

Subject to the provisions of the Companies Acts, the board may pay such interim dividends as appear to the board to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the board whenever the financial position of the Company, in the opinion of the board, justified its payment. If the board acts in good faith, it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer in consequence of the payment of an interim dividend on any shares having non-preferred or deferred rights.

102. CALCULATION AND CURRENCY OF DIVIDENDS

Except in so far as the rights attaching to, or the terms of issue of, any shares otherwise provide:

- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share; and
- (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

103. AMOUNTS DUE ON SHARES MAY BE DEDUCTED FROM DIVIDENDS

The board may deduct from any dividend or other moneys payable to a member of the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares in the Company.

104. NO INTEREST ON DIVIDENDS

No dividend or other moneys payable by the Company on or in respect of any shares shall bear interest against the Company.

105. PAYMENT PROCEDURE

Unless any shareholder directs the Company by written notice to pay dividends and other sums due to him from the Company by telegraphic transfer and supplies the Company with all necessary bank account and other details, any dividend or other sum payable by the Company in respect of a share may be paid by cheque or warrant sent by post addressed to the holder at

his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the register in respect of the shares at his address as appearing in the register or addressed to such person or at such address as the holder or joint holders may in writing direct. Every cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of the shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. If any such dividend or other sum is paid by any bank or other funds transfer system or other such means the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where it has acted on any such directions. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by them. Where a person is entitled by transmission to a share, any dividend or other sum payable by the Company in respect of the share may be paid as if he were a holder of the share and his address noted in the register were his registered address.

106. UNCASHED DIVIDENDS

The Company may cease to send any cheque or warrant through the post or employ any other means of payment for any dividend payable on any shares in the Company which is normally paid in that manner on those shares if in respect of at least two consecutive dividends payable on those shares the cheques or warrants have been returned undelivered or remain uncashed or that means of payment has failed but, subject to the provisions of these Articles, may recommence sending cheques or warrants or employing such means in respect of dividends payable on those shares if the holder or person entitled by transmission requests such recommencement in writing.

107. FORFEITURE OF UNCLAIMED DIVIDENDS

Any dividend unclaimed after a period of twelve years from the date when it became due for payment shall be forfeited and shall revert to the Company and the payment by the board of any unclaimed dividend or other sum payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect of it.

CAPITALISATION OF RESERVES

108. POWER TO CAPITALISE RESERVES AND FUNDS

The Company may, upon the recommendation of the board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that the amount to be capitalised be set free for distribution among the members who would be entitled to it if it were distributed by way of dividend and in the same proportions, on the footing that it is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by those members respectively or in any paying up in full unissued shares, debentures or other obligations of the Company to be allotted and distributed credited as fully paid up among those members, or partly in one way and partly in the other, but so that, for the purposes of this Article, a share premium account and a capital redemption reserve, and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company. The board may authorise any person to enter into an

agreement with the Company on behalf of the persons entitled to participate in the distribution providing for the allotment to them respectively of any shares, debentures and other obligations of the Company to which they are entitled on the capitalisation and the agreement shall be binding on those persons.

109. SETTLEMENT OF DIFFICULTIES IN DISTRIBUTION

Where any difficulty arises in regard to any distribution of any capitalised reserve or fund the board may either (i) issue fractional certificates or (ii) authorise any person to sell and transfer any fractions or (iii) resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or (iv) ignore fractions altogether, and may determine that cash payments shall be made to any members in order to adjust the rights of all parties, as may seem expedient to the board.

RECORD DATES

110. POWER TO CHOOSE ANY RECORD DATE

Notwithstanding any other provision of these Articles the Company or the board may fix any date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time before or after any date on which the dividend, distribution, allotment or issue is declared, paid or made.*

ACCOUNTING RECORDS

111. RECORDS TO BE KEPT

The board shall cause to be kept accounting records sufficient to show and explain the Company's transactions, and such as to disclose with reasonable accuracy at any time the financial position of the Company at that time, and which accord with the Companies Act.

SERVICE OF NOTICES AND OTHER DOCUMENTS

112. SERVICE OF NOTICES

Any notice or other document (including a share certificate) may be served on or delivered to any member by the Company either personally or by facsimile or by sending it by first class post addressed to the member at his registered address or by leaving it at that address addressed to the member or by any other means authorised in writing by the member concerned. In the case of joint holders of a share, service or delivery of any notice or other document one to one of the joint holders shall for all purposes be deemed a sufficient service on or delivery to all the joint holders.

113. RECORD DATE FOR SERVICE

Any notice or other document may be served or delivered by the Company by reference to the register as it stands at any time not more than 3 days before the date of service or delivery. No change in the register after that time shall invalidate that service or delivery. Where any notice or other document is served on or delivered to any person in respect of a share in accordance

* This clause was amended by a Special Resolution passed on 25th April, 1997.

with these Articles, no person deriving any title or interest in that share shall be entitled to any further service or delivery of that notice or document.

114. SERVICE OF NOTICE ON PERSON ENTITLED BY TRANSMISSION

Where a person is entitled by transmission to a share, any notice or other document shall be served upon or delivered to him, as if he were the holder of that share and his address noted in the register were his registered address. Otherwise, any notice or other document served on or delivered to any member pursuant to these Articles shall, notwithstanding that the member is then dead or bankrupt or that any other event giving rise to the transmission of the share by operation of law has occurred and whether or not the Company has notice of the death, bankruptcy or other event, be deemed to have been properly served or delivered in respect of any share registered in the name of that member as sole or joint holder.

115. WHEN NOTICE DEEMED SERVED

Any notice or other document, if sent by post, shall be deemed to have been served or delivered two days following that on which it was put in the post if the addressee is within the United Kingdom and five days following that on which it was put in the post if the addressee is outside the United Kingdom and, in proving service or delivery, it shall be sufficient to prove that the notice or document was properly addressed, prepaid and put in the post. Any notice or other document not sent by post but left at a registered address shall be deemed to have been served or delivered on the day it was so left. Any notice or other document, if delivered by hand shall be deemed to have been given or served at the time of delivery and if sent by facsimile shall be deemed to have been given or served at the time of receipt of the facsimile answerback by the sender in the case of service within the United Kingdom, or 24 hours thereafter in the case of service outside the United Kingdom. Any notice or other document served or delivered by any other means authorised in writing by the member concerned shall be deemed to have been served when the Company has carried out the action it has been authorised to take for that purpose.

DESTRUCTION OF DOCUMENTS

116. PRESUMPTIONS WHERE DOCUMENTS DESTROYED

If the Company destroys:

- (a) any share certificate which has been cancelled at any time after a period of one year has elapsed from the date of cancellation; or
- (b) any instruction concerning the payment of dividends or other moneys in respect of any share or any notification of change of name or address at any time after a period of two years has elapsed from the date the instruction or notification was recorded by the Company; or
- (c) any instrument of transfer of shares which has been registered at any time after a period of six years has elapsed from the date of registration; or
- (d) any other document on the basis of which any entry is made in the register at any time after a period of six years has elapsed from the date the entry was first made in the register in respect of it,

and the Company destroys the document in good faith and without express notice that its preservation was relevant to a claim, it shall be presumed irrebuttably in favour of the Company that every share certificate so destroyed was a valid certificate and was properly cancelled, that every instrument of transfer so destroyed was a valid and effective instrument of transfer and was properly registered and that every other document so destroyed was a valid and effective document and that any particulars of it which are recorded in the books or records of the Company were correctly recorded. Nothing contained in this Article shall be construed as imposing upon the Company any liability by reason only of the destruction of any document of the kind mentioned above before the relevant period mentioned in this Article has elapsed or of the fact that any other condition precedent to its destruction mentioned above has not been fulfilled. References in this Article to the destruction of any document include references to its disposal in any manner.

WINDING UP

117. DISTRIBUTION OF ASSETS OTHERWISE THAN IN CASH

If the Company commences liquidation, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Acts:

- (a) divide among the members in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and, for that purpose, set such values as he deems fair upon any property to be divided and determine how the division shall be carried out as between the members or different classes or members; or
- (b) vest the whole or any part of the assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit,

but no member shall be compelled to accept any shares or other assets upon which there is any liability.

INDEMNITY

118. INDEMNITY OF OFFICERS

- (A) Subject to the provisions of and so far as may be consistent with the Companies Act, every Director, Auditor, Secretary or other officer 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 including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.

- (B) Without prejudice to paragraph (A) of this Article the Directors shall have power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers, employees or auditors of any Relevant Company (as defined in paragraph (C) of this Article) or who are or were at any time trustees of any pension fund or employees' share scheme in which employees of any Relevant Company are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to any Relevant Company, or any such pension fund or employees' share scheme.
- (C) For the purpose of paragraph (B) of this Article "**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 such other body.