

Company Number: 4257337

THE COMPANIES ACTS 1985-1989

SPECIAL RESOLUTION

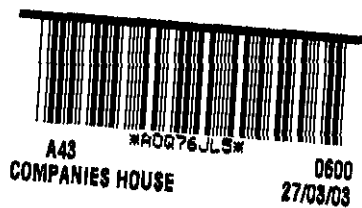
OF

AUDIO NETWORK PLC

PASSED 14th JANUARY 2003

At the Annual General Meeting of the above named Company duly convened and held at School Farm, Little Mapplestead, Nr Halstead, Essex, CO9 2SN on 14th January 2003, the following Special Resolution was duly passed:

“That the document attached to this Resolution be approved and adopted as the new Articles of Association of the company to the exclusion of the existing Articles of Association”.





R A Hurst
Secretary

No: 4257337

COMPANIES ACTS 1985 AND 1989

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

AUDIO NETWORK PLC

PRELIMINARY

- 1.1 The regulations contained in Table A in The Companies (Tables A to F) Regulations 1985 (hereinafter referred to as "Table A") shall apply to the Company save in so far as they are hereby modified or excluded
- 1.2 Regulations 3, 8, 23, 24, 88 and 73 to 80 inclusive, of Table A shall not apply to the Company.

2.1 In these Articles, the following expressions shall have the following meanings:

- “a 15% Member”** means any member of the Company holding more than 15% of the issued share capital;
- “Related Party”** has the same meaning ascribed to it as in the UK Listing Authority Rules from time to time in force. In addition to the meaning attributed to a Related Party under the Listing Authority Rules and for the avoidance of doubt, a Soundstorm Member and Soundstorm Inc. shall for the purpose of these Articles of Association be deemed to be a Related Party.
- “Soundstorm Member”** means those members detailed in the companies statutory books as a Soundstorm Member.
- “UK Listing Authority”** the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000.
- “Company Group” or “Group”** means the Company or any of its subsidiaries or any holding company or any other subsidiary of such holding company.
- “CA 1985”** means the Companies Act 1985 as amended from time to time

2.2 Unless the context otherwise requires words denoting the singular shall include the plural and vice versa, references to any gender shall include all other genders and references to persons shall include bodies corporate, unincorporated associations and partnerships in each case whether or not

having a separate legal personality. References to the word “include” or “including” are to be construed without limitation.

SHARES

3. The share capital of the Company is £250,000 divided into 25,000,000 Ordinary Shares of 1 penny each.
4. The Ordinary Shares (the “**Shares**”) shall rank pari passu in all respects and the holders of the Shares shall be entitled to attend and vote at any general meeting of the Company.

AUTHORITY TO ALLOT SHARES

- 5.1 That the directors are generally and unconditionally authorised for the purposes of section 80 of the CA 1985 to exercise all the powers of the company to allot relevant securities (within the meaning of Section 80(2) CA 1985).
- 5.2 The general authority conferred by this Article shall: -
 - 5.2.1 extend to all relevant securities of the Company up to the amount of the authorised but unissued share capital of the Company at the 14 January 2003 ; and
 - 5.2.2 expire on 14 January 2008, the fifth anniversary of the date of these Articles, unless varied or revoked or renewed by the Company in general meeting; and

5.2.3 entitle the directors to make at any time before the expiry of such authority an offer or agreement which will or may require relevant securities to be allotted after the expiry thereof.

6 Subject to and without prejudice to the generality of the provisions of Article 5, any Shares unissued at the date of the adoption of these Articles shall be under the control of the directors who may allot, grant options over, or otherwise deal with, or dispose of, the same to such persons (including the directors themselves) on such terms and in such manner as they think fit, provided that no Shares shall be issued at a discount to their nominal amount.

7. The directors be and they are hereby empowered pursuant to section 95 of the CA 1985 to allot equity securities (within the meaning of section 94(2) of the CA 1985) for cash pursuant to the authority of the directors under section 80 of the CA 1985 conferred by Article 5 of these Articles as if section 89(1) of the CA 1985 did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities either:

7.1.1 up to an aggregate nominal amount of £10,000 in each year from the 14 January 2003; or

7.1.2 if above the aggregate nominal amount of £10,000 in each year from the 14 January 2003, in connection with an offer of such securities by way of rights to holders of Shares in proportion (as nearly as may be practicable) to their respective holdings of such Shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;

and

7.2 up to the amount of the authorised but unissued share capital of the Company at the 14 January 2003 and shall expire on 14 January 2008, the fifth anniversary of the date of these Articles, unless varied or revoked or renewed by the Company in general meeting save that the company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired.

8 The Company shall have a first and paramount lien on every share (whether or not it is a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share and the Company shall also have a first and paramount lien on all Shares (whether fully paid or not) standing registered in the name of any member whether solely or one of two or more joint holders for all moneys presently payable by him or his estate to the Company, but the directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a share shall extend to all dividends payable thereon.

CALLS ON SHARES

9. The following sentence shall be added to the end of regulation 15 of Table A:
"such persons shall also pay to the Company all expenses that may have been incurred by the Company by reason of such non-payment."

TRANSFER OF SHARES

10.1 Save as provided in clause 10.2 no Shares may be transferred under these Articles until the 1st January 2005.

10.2 Shares may be transferred by:

10.2.1 an individual shareholder with the consent of the directors, such consent not to be unreasonably withheld to:

10.2.1.1 the trustees of a trust of which the only beneficiaries (and the only persons capable of being beneficiaries) are the shareholder who is transferring the relevant Shares and/or his spouse and/or partner and/or lineal descendants by blood or to any other person or persons who is dependent either wholly or in part on the individual shareholder ("family members") provided that the trustees of any such trust shall not themselves be entitled to transfer any Shares or any interest therein pursuant to this Article 10.2.1.1 other than, in the case of the trustees, to the beneficiaries in accordance with the terms of the trust or to replacement trustees of the same trust or otherwise in accordance with the terms of these Articles; or

10.2.1.2 any company or arrangement creating rights in the nature of ownership or co-ownership, the principal interest in which is held and continues to be held for the relevant individual shareholder or his family members;

- 10.2.2 a transfer made upon the death of a shareholder to his executor, administrators or beneficiaries (where the persons beneficially entitled to any such Shares, whether immediately or contingently, are his family members) after the expiry of two months from the date of death provided that such executors, administrators or beneficiaries shall not themselves be entitled to transfer any Shares or any interest therein pursuant to this Article 10.2.2, other than, in the case of executors and administrators, to the relevant beneficiaries or otherwise in accordance with these Articles;
- 10.2.3 any corporate shareholder to any of its subsidiaries or to its holding Company or to any other subsidiaries of such holding company ("Group") provided that in the extent that such transferee subsequently leaves the Group, it shall immediately prior to such event transfer the Shares back to the original holder or any other member of the Group at that time.
- 10.2.4 any Soundstorm Member to another Soundstorm Member provided that such transfer is authorised unanimously in writing by all the remaining Soundstorm Members

TRANSFERS BY OTHER MEANS

Voluntary Transfers

- 10.3.1 Save as otherwise provided in these articles every member who desires to transfer any Share ('the Sale Shares') (hereinafter called 'the Transferring

Member') shall give to the Company notice in writing of such desire (hereinafter called a "Transfer Notice"). Subject as hereinafter mentioned a Transfer Notice shall constitute the Company as the Transferring Member's agent for the sale of the Shares.

10.3.2 The Transferring Member may provide in the Transfer Notice the Transfer Price or request the Board of the Company to determine the Transfer Price by determining the fair value of the Sale Shares by reference to a hypothetical willing seller in the open market who is selling to an unconnected hypothetical willing purchaser in that same open market having due regard to the size of the holding being transferred. If however the Transfer Price remains undetermined by the Board within 90 days of the request by the Transferring Member the Transferring Member may directly approach the Auditors of the Company and request, at the Transferring Members expense, a determination of the Transfer Price by determining the Fair Value of the Sale Shares. The Transferring Member may also provide in the Transfer Notice that unless buyers are found for all or not less than a specified number of Sale Shares, he shall not be bound to transfer any of such Shares (the "**Minimum Transfer Condition**") and any such provision shall be binding on the Company. Notwithstanding the other provisions of this Article, if the Transfer Notice contains a Minimum Transfer Condition the Company may not make any allocation of Sale Shares unless and until it has found buyers for the minimum number specified in the Minimum Transfer Condition.

10.4 For the purposes of these Articles "**Fair Value**" shall be calculated and determined by the Company's Auditors by reference to a hypothetical willing seller in the open market who is selling to an unconnected hypothetical willing purchaser in that same open market having due regard to the size of the

holding being transferred (and if it is a negative value, the Fair Value shall be deemed to be £1 for the purposes hereof).

- 10.5 For the purpose of Article 10.3 and 10.4 the auditors shall act in each case at the cost and expense of the Transferring Member as experts and their decision shall be final and binding on all parties.
- 10.6 Provided the Transferring Member wishes to proceed with the sale of the Shares at the Transfer Price the Sale Shares shall be offered to the holders of Shares by the Company (as agent for the Transferring Member(s)) within 60 days after the date upon which the Fair Value of the Sale Shares shall have been agreed or determined under these Articles pro-rata to their respective holdings of Shares in the capital of the Company as at the date of Transfer Notice. If no such offer is made the Transferring Member shall be at liberty to transfer the Sale Shares in accordance with Article 10.8. Such persons shall be required to respond within 32 days in writing (the "Response Period") as to whether they wish to accept the offer and, in so doing, shall be entitled further to state whether, to the extent any Sale Shares are not so accepted by others pursuant to such offer, the numbers of such further Sale Shares they wish to acquire and in the event of any competition for such further Shares in excess of the number so available, such further Shares shall be allocated between accepting persons pro-rata, to the numbers/Proportions in which they shall have stated their interest in them.
- 10.7 Completion of the transfer of the Sale Shares shall take place at the registered office of the Company at 2pm on the fourteenth day following the end of the Response Period when each Transferring Member shall execute and deliver to the Company a stock transfer in respect of the Sale Shares and the Purchasing Members shall be registered as the registered member of the Sale Shares

(subject to any stamp duty being paid by the Purchasing Member). If a Transferring Member fails to transfer such Sale Shares in accordance with this Article 10.7, any director of the Company may execute and deliver the necessary stock transfer form and cause the Purchasing Members to be registered as the registered holder of the Sale Shares (subject to payment of any stamp duty by the Purchasing Member). The Fair Value for the Sale Shares shall be payable to the Transferring Members by the Purchasing Members within 28 days of completion. The Purchasing Members shall be entitled to make payment for the Sale Shares to the Company as agent on behalf of the Transferring Members which payment shall be a good and absolute discharge to the Purchasing Members (who shall not be bound to see the application thereof). The Company shall receive such payment in trust for the Transferring Members and shall pay any sum received to the Transferring Member within ten days of receipt.

- 10.8 If the Company has not after the expiry of the Response Period found Purchasing Members willing to purchase any or all of the Sale Shares and given notice in writing thereof to the Transferring Member, or if the Company has prior to the expiry of the Response Period given to the Transferring Member notice in writing that the Company has no prospect of finding Purchasing Members, the Transferring Member at any time during a period of 30 days after the end of the Response Period shall be at liberty to transfer those Sale Shares for which the Company has not prior to the expiry of the Response Period given notice that it has found (or has given notice that it has no prospect of finding) Purchasing Members to any person by way of a bona fide sale ("Third Party Purchaser") at any price not being less than the Fair Value (after deducting, where appropriate, any dividend or other distribution declared or made after the date of the Transfer Notice and to be retained by the Transferring Member) provided that:

- 10.8.1 if the Transfer Notice shall include a Minimum Transfer Condition the Transferring Member shall only be entitled to transfer sufficient unsold Sale Shares to meet the Minimum Transfer Condition under this Article; and
- 10.8.2 the directors of the Company approve the transfer of the unsold Sale Shares to the Third Party Purchaser, such approval not to be unreasonably withheld; and
- 10.8.3 the directors may require to be satisfied that the Sale Shares are being transferred under this clause pursuant to a bona fide sale for the consideration being not less than the Fair Value thereof without any deduction, rebate or allowance whatsoever to the purchaser and if not so satisfied may refuse to register the instrument of transfer.
- 10.9 References in this Article 10 to a Transferring Member, shall, in the event of death of a member, be read and construed as including his personal representatives.
- 10.10 The Company may refuse registration of any Purchasing Member if the board reasonably believe the Purchasing Member to be a competitor of the Company or a person connected with such a competitor (or a nominee of either).

TRANSMISSION OF SHARES

- 11 A person becoming entitled to a Share by reason of the death or bankruptcy of a member shall not, before being registered as a member in respect of the Share, be entitled to receive a copy of any balance sheet (or other document

required by law to be annexed thereto) or any notice of a general meeting, and regulations 31 and 38 of Table A shall be modified accordingly.

COME ALONG

- 12 In these Articles a **"Qualifying Offer"** shall mean a bona fide offer in writing by or on behalf of any one person (the **"Offeror"**) to the holders of 50% of the nominal value of Shares (the **"Offeree Shareholders"**) to acquire all their Shares for the same price per Share. Always provided that an offer will not be deemed to be a Qualifying Offer until the price per Share offered by the Offeror has been deemed "reasonable" by a five-sixths majority of the board of directors.
- 13 The holders of 50% of the nominal value of Shares or an appointed representative shall have the right at any time to negotiate the terms and conditions of a Qualifying Offer.
- 14 The Offeree Shareholders shall, within 30 business days of receipt of a Qualifying Offer, notify the other shareholders of the Qualifying Offer (the **"Offeree Shareholders' Notice"**) and supply to the other shareholders (the **"Other Shareholders"**) such information as it may reasonably request in connection with the Qualifying Offer.
- 15 The Other Shareholders shall upon acceptance of the Qualifying Offer by the Offeree Shareholders become bound to accept the Qualifying Offer and to transfer their Shares to the Offeror (or his nominee) with full title guarantee on the date specified by the Offeree Shareholders.
- 16 If any Other Shareholders shall not, within 5 business days of being required to do so, execute and deliver transfers in respect of the equity Shares held by

him and deliver the certificate(s) in respect of the same (or a suitable indemnity in lieu thereof), then any Offeree Shareholders shall be entitled to execute, and shall be entitled to authorise and instruct such person as he thinks fit to execute, the necessary transfer(s) and indemnities on the Other Shareholders' behalf and, against receipt by the Company (on trust for such Shareholder) of the consideration payable for the relevant Shares, deliver such transfer(s) and certificate(s) or indemnities to the Offeror (or his nominee) and register such Offeror (or his nominee) as the holder thereof and, after such registration, the validity of such proceedings shall not be questioned by any person.

TAG ALONG

17.1 If at any time an Offeror makes an offer to purchase or acquire Shares (the "**Additional Shares**") which will take their shareholding combined with that of any Related Party to the Offeror above 49% in nominal value of the Shares (the "**Proposed Purchasers**"), in one or a series of related transactions, the Proposed Purchasers may only purchase the Additional Shares if they comply with the following provisions.

17.1.1 The Proposed Purchasers shall give written notice (the "**Proposed Purchase Notice**") to the other holders of the Shares of such intended purchase at least 10 business days prior to the date thereof. The Proposed Purchase Notice shall set out, to the extent not described in any accompanying documents, the identity of the Proposed Purchasers, the purchase price or acquisition price and other terms and conditions of payment, the proposed date of purchase (the "**Proposed Purchase Date**") and the number of Shares proposed to be purchased (the "**Proposed Purchase Shares**").

17.1.2 Any holder of Shares shall be entitled, by written notice given to the Proposed Purchasers within 20 business days of receipt of the Proposed Purchase Notice, to sell all of his Shares to the Proposed Purchasers on the same terms and conditions as those set out in the Proposed Purchase Notice.

18 If a holder of Shares is not given the rights accorded to him by the provisions Article 17.1 and 17.2, the Proposed Purchasers shall not be permitted to complete their purchase and the Company shall be bound to refuse to register any transfer intended to carry such a purchase into effect.

19 For the avoidance of doubt Articles 17 to 19 shall not apply to subscription for new Shares.

PROCEEDINGS AT GENERAL MEETINGS

20 Subject to Article 21 below, the quorum for a general meeting shall be two.

21 If and so long as, the Company has only one member the quorum for a general meeting shall be one. Regulation 40 of Table A shall be modified accordingly.

22 There shall be added to the last sentence of Regulation 41 of Table A the words "and if at the adjourned meeting a quorum is not present within fifteen minutes after the time appointed for the meeting, one person entitled to be counted in a quorum present at the Meeting shall be a quorum".

23 A poll may be demanded at any general meeting by the Chairman or by any member present in person or by proxy and entitled to vote. Regulation 46 of Table A shall be modified accordingly.

VOTES OF MEMBERS

- 24 A proxy shall be entitled to vote on a show of hands and regulation 54 of Table A shall be modified accordingly.
- 25 Notwithstanding section 378 CA 1985 the requisite majority required to pass a Special Resolution shall be increased from a majority of not less than three-fourths of members entitled to vote to a majority of not less than four-fifths of such members so entitled.

DIRECTORS

- 26 The number of directors shall be not less than one. If and so long as there is a sole director, the sole director may exercise all the powers and authorities vested in the directors by these Articles or Table A. Regulations 64 and 89 of Table A shall be modified accordingly.
- 27 Subject to Article 26 the quorum for any meeting of the directors shall be two.
- 28 The directors shall not be liable to retire by rotation.
- 29 A director shall not be required to hold any Share qualification.
- 30 The Company may by ordinary resolution appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director.

- 31 The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the maximum number of directors (if there be any maximum) is not exceeded.
- 32 Unless otherwise restricted by these Articles all or any of the directors or members of a committee of the directors may participate in, count towards the quorum and vote at a meeting of the directors or such committee by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear and be heard by each other and such participation shall constitute presence in person at the meeting.
- 33 Subject to the provisions of the articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom. Questions arising at a meeting shall be decided by a majority of votes however in order to pass a board resolution on any matter listed in 33.1 to 33.4 below, a majority of five-sixths of the directors entitled to vote shall be required to vote in favour of the proposed board resolution:-
- 33.1 In respect of a board resolution to make a major acquisition or disposal or capital expenditure, being in excess of £500,000 or above 40% of the annualised turnover at such date, whichever is the greater.
- 33.2 In respect of a board resolution to disapply the statutory pre-emption rights in section 89 of the CA 1985.

- 33.3 In respect of a board resolution which would reasonably be expected to result in a substantial change in business activities of the Company other than those normally undertaken by a music and/or sound effects publisher.
- 33.4 In respect of a board resolution to extend the company's borrowing requirements above £500,000.
- 34 In the case of an equality of votes, the chairman shall have a second or casting vote. A director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

POWERS AND DUTIES OF DIRECTORS

- 35 Subject to the provisions of Section 317 CA 1985, a director may vote on any contract or arrangement in which he is interested and on any matter arising there from and if he shall so vote his vote shall be counted and he shall be reckoned in calculating a quorum when any such contract or arrangement is under consideration. Regulations 94 and 95 of Table A shall be modified accordingly.

APPOINTMENT AND DISQUALIFICATION OF DIRECTORS

- 36 Without prejudice to the powers of the Company under Section 303 CA 1985 to remove a director by ordinary resolution, the holder or holders for the time being of more than one half in nominal value of the issued share capital of the Company (regardless of class) of the Company shall have the power from

time to time and at any time to appoint any person or persons as a director or directors either as additional directors or to fill any vacancy and to remove from office any director howsoever appointed. Any such appointment or removal shall be effected by an instrument in writing signed by the member or members making the same or in the case of a member being a company signed on its behalf by one of its directors and shall take effect upon lodgement at the registered office of the Company.

37 In addition to Article 36 above the following shall apply in addition to and in modification of Regulations 73 to 83 and Regulation 87 of Table A in relation to the appointment and disqualification of directors: -

37.1 Each Member shall be entitled to appoint one non-executive director for each part of its shareholding which represents 15 per cent in nominal value of the issued share capital of the Company (regardless of class) and may at any time require his removal or replacement. The directors appointed by each Member shall be designated as directors of that shareholder. No fees shall be payable to the shareholder's director other than reimbursement of flight costs and reasonable overnight accommodation costs where the director attends board meetings in person in the UK.

37.2 The Soundstorm Members shall be entitled to appoint one non-executive director provided they have and continue to have a collective shareholding which represents not less than 15 per cent in nominal value of the issued share capital of the Company (regardless of class) and may at any time require his removal or replacement. The Director appointed by the Soundstorm Members shall be known as the '**Soundstorm Members Director**'. No fees shall be payable to the Soundstorm Members Director other than reimbursement of flight costs and reasonable overnight accommodation costs

where the Soundstorm Members Director attends board meetings in person in the UK.

- 37.3 Provided the licensing agreement dated the 25th October 2001 between Soundstorm Inc and Audio Network Plc has not been terminated Soundstorm Inc. shall be entitled to appoint one non-executive director. The director appointed by Soundstorm Inc. shall be known as a '**Soundstorm Inc. Director**'. Always provided that no fees shall be payable to the Soundstorm Inc. Director other than reimbursement of flight costs and reasonable overnight accommodation costs where the Soundstorm Inc. Director attends board meetings in person in the UK.