

THE COMPANIES ACT 1981 OF BERMUDA

CLEAN AIR POWER LIMITED

BYE-LAWS

adopted on 17 February 2006

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INTERPRETATION

1. Definitions

1.1 In these Bye-laws, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

Act	the Companies Act 1981, as amended from time to time;
Admission	the admission of the Company's shares to trading on AIM becoming effective pursuant to the AIM Rules;
AIM	the Alternative Investment Market operated by the London Stock Exchange plc;
AIM Rules	rules of the London Stock Exchange plc governing the admission to and the operation of AIM;
Alternate Director	an alternate director appointed in accordance with these Bye-laws;
Auditor	includes an individual or partnership;
Board	the board of directors appointed or elected pursuant to these Bye-laws and acting by resolution in accordance with the Act and these Bye-laws or the directors present at a meeting of directors at which there is a quorum;
City Code	means The City Code on Takeovers and Mergers, as issued from time to time by or on behalf of the Panel or any successor to or replacement thereof from time to time issued by or on behalf of the Panel or, for the avoidance of doubt, any successor thereto or replacement body thereof and any reference in these Bye-laws to any "Rule" means the Rule in the City Code which, in the opinion of the Board, most closely represents the rule of the City Code identified by the applicable number as at the date of adoption of these Bye-laws;

Company	the company for which these Bye-laws are approved and confirmed;
Director	a director of the Company and shall include an Alternate Director;
Group	the Company and every company and other entity which is for the time being controlled by or under common control with the Company (for these purposes, "control" means the power to direct management or policies of the person in question, whether by means of an ownership interest or otherwise);
Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
Notice	written notice as further provided in these Bye-laws unless otherwise specifically stated;
Officer	any person appointed by the Board to hold an office in the Company;
Panel	means the Panel on Takeovers and Mergers in the United Kingdom, and any successor thereof or replacement body thereto;
Register of Directors and Officers	the register of directors and officers referred to in these Bye-laws;
Register of Members	the register of members referred to in these Bye-laws;
Resident Representative	any person appointed to act as resident representative and includes any deputy or assistant resident representative;

Secretary the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;

1.2 In these Bye-laws, where not inconsistent with the context:

- (a) words denoting the plural number include the singular number and vice versa;
- (b) words denoting the masculine gender include the feminine and neuter genders;
- (c) words importing persons include companies, associations or bodies of persons whether corporate or not;
- (d) the words:
 - (i) "may" shall be construed as permissive; and
 - (ii) "shall" shall be construed as imperative; and
- (e) unless otherwise provided herein, words or expressions defined in the Act shall bear the same meaning in these Bye-laws.

1.3 In these Bye-laws expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.

1.4 Headings used in these Bye-laws are for convenience only and are not to be used or relied upon in the construction hereof.

SHARES

2. Power to Issue Shares

2.1 Subject to these Bye-laws and to any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board shall have the power to issue any unissued shares of the Company on such terms and conditions as it may determine.

2.2 Without limitation to the provisions of Bye-law 4, subject to the provisions of the Act, any preference shares may be issued or converted into shares that (at a determinable date or at the option of the Company or the holder) are liable to be redeemed on such terms and in such manner as may be determined by the Board before the issue or conversion.

2.3 The Board may make such arrangements as it thinks fit in order to enable shares in the Company to be represented by and exchanged for depositary interests which are eligible to be held and transferred in uncertificated form in a computer based system whether located in Bermuda or in any other country. Any such arrangements shall be notified to Members in such manner as the Board may decide.

3. Power of the Company to Purchase its Shares

The Company may purchase its own shares in accordance with the provisions of the Act on such terms as the Board shall think fit. The Board may exercise all the powers of the Company to purchase all or any part of its own shares in accordance with the Act.

4. Rights Attaching to Shares

4.1 At the date these Bye-laws are adopted, the share capital of the Company shall consist of shares of a single class (“Common Shares”) the holders of which shall, subject to the provisions of these Bye-laws:

- (a) be entitled to one vote per share;
- (b) be entitled to such dividends as the Board may from time to time declare;
- (c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and
- (d) generally be entitled to enjoy all of the rights attaching to shares.

4.2 The Board is authorised to exercise all the powers of the Company to create and issue additional shares of any existing class or shares of a new class and, without prejudice to the generality of the foregoing, may provide for the issue of preference shares (“Preference Shares”) in one or more series, and to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations, or restrictions thereof (and, for the avoidance of doubt, such matters and the issue of such Preference Shares shall not be deemed to vary the rights attached to the Common Shares or, subject to the

terms of any other series of Preference Shares, to vary the rights attached to any other class of share in the Company). The authority of the Board with respect to each series shall include, but not be limited to, determination of the following:

- (a) the number of shares constituting that series and the distinctive designation of that series;
- (b) the dividend rate on the shares of that series, whether dividends shall be cumulative and, if so, from which date or dates, and the relative rights of priority, if any, of the payment of dividends on shares of that series;
- (c) whether that series shall have voting rights, in addition to the voting rights provided by law, and if so, the terms of such voting rights including, without limitation, any special rights to appoint or elect a Director and to determine such Director's term of office;
- (d) whether that series shall have conversion or exchange privileges (including, without limitation, conversion into Common Shares), and, if so, the terms and conditions of such conversion or exchange, including provision for adjustment of the conversion or exchange rate in such events as the Board shall determine;
- (e) whether or not the shares of that series shall be redeemable or repurchaseable, and, if so, the terms and conditions of such redemption or repurchase, including the manner of selecting shares for redemption or repurchase if less than all shares are to be redeemed or repurchased, the date or dates upon or after which they shall be redeemable or repurchaseable, and the amount per share payable in case of redemption or repurchase, which amount may vary under different conditions and at different redemption or repurchase dates;
- (f) whether that series shall have a sinking fund for the redemption or repurchase of shares of that series, and, if so, the terms and amount of such sinking fund;
- (g) the right of the shares of that series to the benefit of conditions and restrictions upon the creation of indebtedness of the Company or any subsidiary, upon the issue of any additional shares (including additional shares of such series or any other series) and upon the payment of dividends or the making of other distributions on, and the purchase, redemption or other acquisition by the Company or any subsidiary of any issued shares of the Company;

- (h) the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company, and the relative rights of priority, if any, of payment of shares of that series; and
- (i) any other relative participating, optional or other special rights, qualifications, limitations or restrictions of that series.

4.3 Any Preference Shares of any series which have been redeemed (whether through the operation of a sinking fund or otherwise) or which, if convertible or exchangeable, have been converted into or exchanged for shares of any other class or classes shall have the status of authorised and unissued Preference Shares of the same series and may be reissued as a part of the series of which they were originally a part or may be reclassified and reissued as part of a new series of Preference Shares to be created by resolution or resolutions of the Board or as part of any other series of Preference Shares, all subject to the conditions and the restrictions on issue set forth in the resolution or resolutions adopted by the Board providing for the issue of any series of Preference Shares.

4.4 At the discretion of the Board, whether or not in connection with the issue and sale of any shares or other securities of the Company, the Company may issue securities, contracts, warrants or other instruments evidencing any shares, option rights, securities having conversion or option rights, or obligations on such terms, conditions and other provisions as are fixed by the Board, including, without limiting the generality of this authority, conditions that preclude or limit any person or persons owning or offering to acquire a specified number or percentage of the issued Common Shares, other shares, option rights, securities having conversion or option rights, or obligations of the Company or transferee of the person or persons from exercising, converting, transferring or receiving the shares, option rights, securities having conversion or option rights, or obligations.

5. Calls on Shares

5.1 The Board may make such calls as it thinks fit upon the Members in respect of any monies (whether in respect of nominal value or premium) unpaid on the shares allotted to or held by such Members (and not made payable at fixed times by the terms and conditions of issue) and, if a call is not paid on or before the day appointed for payment thereof, the Member may at the discretion of the Board be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the actual date of payment. The Board may differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.

5.2 Any sum which by the terms of allotment of a share becomes payable upon issue or at any fixed date, whether on account of the nominal value of the share or by

way of premium, shall for all the purposes of these Bye-laws be deemed to be a call duly made and payable, on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of these Bye-laws as to payment of interest, costs, charges and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

- 5.3** The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- 5.4** The Company may accept from any Member the whole or a part of the amount remaining unpaid on any shares held by him, although no part of that amount has been called up.

6. Prohibition on Financial Assistance

The Company shall not give, whether directly or indirectly, whether by means of loan, guarantee, provision of security or otherwise, any financial assistance for the purpose of the acquisition or proposed acquisition by any person of any shares in the Company, but nothing in this Bye-law shall prohibit transactions permitted under the Act.

7. Forfeiture of Shares

- 7.1** If any Member fails to pay, on the day appointed for payment thereof, any call in respect of any share allotted to or held by such Member, the Board may, at any time thereafter during such time as the call remains unpaid, direct the Secretary to forward such Member a notice in writing in the form, or as near thereto as circumstances admit, of the following:

Notice of Liability to Forfeiture for Non-Payment of Call
Clean Air Power Limited
(the "Company")

You have failed to pay the call of [amount of call] made on the [] day of [], 200[], in respect of the [number] share(s) [number in figures] standing in your name in the Register of Members of the Company, on the [] day of [], 200[], the day appointed for payment of such call. You are hereby notified that unless you pay such call together with interest thereon at the rate of [] per annum computed from the said [] day of [], 200[] at the registered office of the Company the share(s) will be liable to be forfeited.

Dated this [] day of [], 200[]

[Signature of Secretary] By Order of the Board

- 7.2** If the requirements of such notice are not complied with, any such share may at any time thereafter before the payment of such call and the interest due in respect

thereof be forfeited by a resolution of the Board to that effect, and such share shall thereupon become the property of the Company and may be disposed of as the Board shall determine.

- 7.3** A Member whose share or shares have been forfeited as aforesaid shall, notwithstanding such forfeiture, be liable to pay to the Company all calls owing on such share or shares at the time of the forfeiture and all interest due thereon.
- 7.4** The Board may accept the surrender of any shares which it is in a position to forfeit on such terms and conditions as may be agreed. Subject to those terms and conditions, a surrendered share shall be treated as if it had been forfeited.

8. Share Certificates

- 8.1** Every Member shall be entitled to a certificate under the seal of the Company (or a facsimile thereof) specifying the number and, where appropriate, the class of shares held by such Member and whether the same are fully paid up and, if not, specifying the amount paid on such shares. The Board may by resolution determine, either generally or in a particular case, that any or all signatures on certificates may be printed thereon or affixed by mechanical means.
- 8.2** The Company shall be under no obligation to complete and deliver a share certificate unless specifically called upon to do so by the person to whom the shares have been allotted.
- 8.3** If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.
- 8.4** Notwithstanding any provisions of these Bye-laws, the Directors shall, subject always to the Companies Act and any other applicable laws and regulations and the facilities and requirements of any relevant system concerned, have power to implement any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of uncertificated shares and to the extent such arrangements are so implemented, no provision of these Bye-laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer of shares in uncertificated form. Unless otherwise determined by the Directors and permitted by the Companies Act and any other applicable laws and regulations, no person shall be entitled to receive a certificate in respect of any share for so long as the title to that share is evidenced otherwise than by a certificate and for so long as transfers of that share may be made otherwise than by a written instrument.
- 8.5** Without prejudice to Bye-law 8.4 but notwithstanding any other provisions of these Bye-laws, the Directors shall, subject always to the Companies Act and any

other applicable laws and regulations and the facilities and requirements of any relevant system concerned, have power to implement and/or approve any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of interests in shares in the capital of the Company in the form of depositary interests or similar interests, instruments or securities, and to the extent such arrangements are so implemented, no provision of these Bye-laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer thereof or the shares in the capital of the Company represented thereby. The Directors may from time to time take such actions and do such things as they may, in their absolute discretion, think fit in relation to the operation of any such arrangements.

9. Fractional Shares

The Company may issue its shares in fractional denominations and deal with such fractions to the same extent as its whole shares and shares in fractional denominations shall have in proportion to the respective fractions represented thereby all of the rights of whole shares including (but without limiting the generality of the foregoing) the right to vote, to receive dividends and distributions and to participate in a winding-up.

REGISTRATION OF SHARES

10. Register of Members

10.1 The Board shall cause to be kept in one or more books a Register of Members and shall enter therein the particulars required by the Act.

10.2 The Register of Members shall be open to inspection at the registered office of the Company on every business day, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each business day be allowed for inspection. The Register of Members may, after notice has been given in accordance with the Act, be closed for any time or times not exceeding in the whole thirty days in each year.

11. Registered Holder Absolute Owner

The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to, or interest in, such share on the part of any other person.

12. Transfer of Registered Shares

12.1 An instrument of transfer shall be in writing in the form of the following, or as near thereto as circumstances admit, or in such other form as the Board may accept:

Transfer of a Share or Shares
Clean Air Power Limited
(the "Company")

FOR VALUE RECEIVED.....[amount], I, [name of transferor]
hereby sell, assign and transfer unto [transferee] of [address], [number] of shares
of the Company.

DATED this [] day of [], 2[]

Signed by:

Transferor

Transferee

In the presence of:

Witness

Witness

- 12.2 Such instrument of transfer shall be signed by or on behalf of the transferor and transferee, provided that, in the case of a fully paid share, the Board may accept the instrument signed by or on behalf of the transferor alone. The transferor shall be deemed to remain the holder of such share until the same has been transferred to the transferee in the Register of Members.
- 12.3 The Board may refuse to recognise any instrument of transfer unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.
- 12.4 The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.
- 12.5 The Board may in its absolute discretion and without assigning any reason therefor refuse to register the transfer of a share which is not fully paid. The Board shall refuse to register a transfer unless all applicable consents, authorisations and permissions of any governmental body or agency in Bermuda have been obtained. If the Board refuses to register a transfer of any share the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.
- 12.6 Shares may be transferred without a written instrument if transferred by an appointed agent or otherwise in accordance with the Act.

13. Restrictions on Transfer

- 13.1 The Board may, in its absolute and unfettered discretion, decline to register the transfer of any shares if it believes that:

- (a) such transfer may expose the Company, any Group company or any Member to adverse tax or regulatory treatment in any jurisdiction; or
- (b) registration of such transfer is required under the laws of any jurisdiction and such registration has not been effected, save that the Board may request and rely on an opinion of counsel to the transferor or transferee, in form and substance satisfactory to the Board, that no such registration is required.

13.2 The Board shall have the authority to request from any direct or indirect holder of shares, and such holder shall provide, such information as the Board may request for the purpose of determining whether any transfer contemplated by Bye-law 13.1 should be permitted.

14. Transmission of Registered Shares

14.1 In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of the Act, for the purpose of this Bye-law, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.

14.2 Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share (save that no such person may be registered as a Member if the Board believes that such transfer may expose the Company, any Group company or any Member to adverse tax or regulatory treatment in any jurisdiction), and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in writing in the form, or as near thereto as circumstances admit, of the following:

Transfer by a Person Becoming Entitled on Death/Bankruptcy of a Member
Clean Air Power Limited (the "Company")

I/We, having become entitled in consequence of the [death/bankruptcy] of [name and address of deceased/bankrupt Member] to [number] share(s) standing in the Register of Members of the Company in the name of the said [name of deceased/bankrupt Member] instead of being registered myself/ourselves, elect to have [name of transferee] (the

"Transferee") registered as a transferee of such share(s) and I/we do hereby accordingly transfer the said share(s) to the Transferee to hold the same unto the Transferee, his or her executors, administrators and assigns, subject to the conditions on which the same were held at the time of the execution hereof; and the Transferee does hereby agree to take the said share(s) subject to the same conditions.

DATED this [] day of [], 2[]

Signed by:
of:

In the presence

Transferor

Witness

Transferee

Witness

14.3 On the presentation of the foregoing materials to the Board, accompanied by such evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.

14.4 Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

15. Mandatory Offers

15.1 No person may (other than solely as custodian or depositary (or nominee thereof) under any arrangements implemented and/or approved by the Directors under Bye-law 8.4 or 8.5):

- (a) whether by himself, or with persons determined by the Board to be acting in concert with him, acquire after the date that this Bye-law shall come into effect ("**the Effective Date**") shares of the Company which, taken together with shares held or acquired after the Effective Date by persons determined by the Board to be acting in concert with him, carry 30 per cent. or more of the voting rights attributable to Common Shares of the Company, except as a result of a "**Permitted Acquisition**"; or
- (b) whilst he, together with persons determined by the Board to be acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights attributable to Common Shares of the Company, acquire after the Effective Date, whether by himself or with persons determined by the Board to be acting in concert with him, additional

shares which, taken together with shares held by persons determined by the Board to be acting in concert with him, increases his voting rights attributable to Common Shares of the Company, (each of (a) and (b) a "**Limit**"), except as a result of a "**Permitted Acquisition**"; or

(c) effect or purport to effect a "**Prohibited Acquisition**".

15.2 Where any person (other than solely as custodian or depositary (or nominee thereof) under any arrangements implemented and/or approved by the Directors under Bye-law 8.4 or 8.5) breaches any Limit, except as a result of a Permitted Acquisition, or becomes interested in any shares of the Company as a result of a Prohibited Acquisition, that person is in breach of these Bye-laws.

15.3 The Board may do all or any of the following where it has reason to believe that any Limit is or may be breached or any Prohibited Acquisition has been or may be effected :

- (1) require any Member or person appearing or purporting to be interested in any shares of the Company to provide such information as the Board considers appropriate to determine any of the matters under this Bye-law 15;
- (2) have regard to such public filings as it considers appropriate to determine any of the matters under this Bye-law 15;
- (3) make such determinations under this Bye-law 15 as it thinks fit, either after calling for submissions from affected Members or other persons or without calling for such submissions;
- (4) determine that the voting rights attached to such number of shares held by such persons as the Board may determine to be held, or in which such persons are or may be interested, in breach of these Bye-laws ("**Excess Shares**") are from a particular time incapable of being exercised for a definite or indefinite period;
- (5) determine that some or all of the Excess Shares must be sold;
- (6) determine that some or all of the Excess Shares will not carry any right to any dividends or other distributions from a particular time for a definite or indefinite period; and
- (7) take such other action as it thinks fit for the purposes of this Bye-law 15 including:
 - (a) prescribing rules (not inconsistent with this Bye-law 15);

- (b) setting deadlines for the provision of information;
- (c) drawing adverse inferences where information requested is not provided;
- (d) making determinations or interim determinations;
- (e) executing documents on behalf of a Member;
- (f) converting any Excess Shares held in uncertificated form into certificated form, or vice-versa;
- (g) paying costs and expenses out of proceeds of sale; and
- (h) changing any decision or determination or rule previously made.

15.4 (1) An acquisition is a "**Permitted Acquisition**" if:

- (a) the acquisition is made in circumstances in which the City Code, if it applied to the Company, would require an offer to be made as a consequence and such offer is made in accordance with Rule 9 of the City Code, as if it so applied;
- (b) the requirement for an offer to be made in accordance with Rule 9 of the City Code, as if it so applied, is waived by a vote of a majority of Members, other than the Member or Members in question and persons determined by the Board to be acting in concert with him or them, voting in person or by proxy at a Members' meeting; or
- (c) if the acquisition arises from repayment of a stock borrowing arrangement (on arm's length commercial terms).

- (2) An acquisition is a "**Prohibited Acquisition**" if Rules 4, 5, 6 or 8 of the City Code would in whole or part apply to the acquisition if the Company was subject to the City Code and the acquisition was made (or, if not yet made, would if and when made be) in breach of or otherwise not comply with Rules 4, 5, 6 or 8 of the City Code.

15.5 The Board has full authority to determine the application of this Bye-law 15, including as to the deemed application of the whole or any part of the City Code. Such authority shall include all discretion vested in the Panel as if the whole or any part of the City Code applied including, without limitation, the determination of conditions and consents, the consideration to be offered and any restrictions on

the exercise of control. Any resolution or determination of, or decision or exercise of any discretion or power by, the Board or any Director or by the chairman of any meeting acting in good faith under or pursuant to the provisions of this Bye-law 15 shall be final and conclusive; and anything done by, or on behalf of, or on the authority of, the Board or any Director acting in good faith pursuant to the provisions of this Bye-law 15 shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to its validity or otherwise on any ground whatsoever. The Board shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Bye-law 15.

- 15.6** Any one or more of the Directors may act as the attorney(s) of any Member in relation to the execution of documents and other actions to be taken for the sale of Excess Shares determined by the Board under this Bye-law 15.
- 15.7** This Bye-law 15 shall only have effect during such times as the City Code does not apply to the Company.

ALTERATION OF SHARE CAPITAL

16. Power to Alter Capital

- 16.1** Subject to the AIM Rules (if the Company's shares are admitted to trading on AIM), the Company may if authorised by resolution of the Members increase, divide, consolidate, subdivide, change the currency denomination of, diminish or otherwise alter or reduce its share capital in any manner permitted by the Act.
- 16.2** Where, on any alteration or reduction of share capital, fractions of shares or some other difficulty would arise, the Board may deal with or resolve the same in such manner as it thinks fit.

17. Variation of Rights Attaching to Shares

If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

DIVIDENDS AND CAPITALISATION

18. Dividends

- 18.1** The Board may, subject to these Bye-laws and in accordance with the Act, declare a dividend to be paid to the Members, in proportion to the number of shares held by them, and such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. No unpaid dividend shall bear interest as against the Company.
- 18.2** The Board may fix any date as the record date for determining the Members entitled to receive any dividend.
- 18.3** The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.
- 18.4** The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. No unpaid distribution shall bear interest as against the Company.

19. Power to Set Aside Profits

The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such sum as it thinks proper as a reserve to be used to meet contingencies or for equalising dividends or for any other purpose.

20. Method of Payment

- 20.1** Any dividend or other monies payable in respect of a share may be paid by cheque or warrant sent through the post directed to the address of the Member in the Register of Members (in the case of joint Members, the senior joint holder, seniority being determined by the order in which the names stand in the Register of Members), or by direct transfer to such bank account as such Member may direct. Every such cheque shall be made payable to the order of the person to whom it is sent or to such persons as the Member may direct, and payment of the cheque or warrant shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.
- 20.2** The Board may deduct from the dividends or distributions payable to any Member all monies due from such Member to the Company on account of calls or otherwise.

20.3 Any dividend and or other monies payable in respect of a share which has remained unclaimed for 7 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend or other moneys payable in respect of a share may (but need not) be paid by the Company into an account separate from the Company's own account. Such payment shall not constitute the Company a trustee in respect thereof.

20.4 The Company shall be entitled to cease sending dividend cheques and warrants by post or otherwise to a Member if those instruments have been returned undelivered to, or left uncashed by, that Member on at least two consecutive occasions, or, following one such occasion, reasonable enquiries have failed to establish the Member's new address. The entitlement conferred on the Company by this Bye-law in respect of any Member shall cease if the Member claims a dividend or cashes a dividend cheque or warrant.

21. Capitalisation

21.1 The Board may resolve to capitalise any sum for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares pro-rata (except in connection with the conversion of shares of one class to shares of another class) to the Members.

21.2 The Board may resolve to capitalise any sum for the time being standing to the credit of a reserve account or sums otherwise available for dividend or distribution by applying such amounts in paying up in full partly paid or nil paid shares of those Members who would have been entitled to such sums if they were distributed by way of dividend or distribution.

MEETINGS OF MEMBERS

22. Annual General Meetings

The annual general meeting of the Company shall be held in each year (other than the year of incorporation) at such time and place as the President or the Chairman or the Board shall appoint provided that no annual general meeting shall be held in the United Kingdom.

23. Special General Meetings

The President or the Chairman or the Board may convene a special general meeting of the Company whenever in their judgment such a meeting is necessary provided that no special general meeting shall be held in the United Kingdom.

24. Requisitioned General Meetings

The Board shall, on the requisition of Members holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up share capital of the Company as at the date of the deposit carries the right to vote at general meetings of the Company, forthwith proceed to convene a special general meeting of the Company outside the United Kingdom and the provisions of the Act shall apply.

25. Notice

25.1 At least 14 days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held, that the election of Directors will take place thereat, and as far as practicable, the other business to be conducted at the meeting.

25.2 At least 14 days' notice of a special general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, time, place and the general nature of the business to be considered at the meeting.

25.3 The Board may fix any date as the record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company.

25.4 A general meeting of the Company shall, notwithstanding that it is called on shorter notice than that specified in these Bye-laws, be deemed to have been properly called if it is so agreed by (i) all the Members entitled to attend and vote thereat in the case of an annual general meeting; and (ii) by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving a right to attend and vote thereat in the case of a special general meeting.

25.5 The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

26. Giving Notice

26.1 A notice may be given by the Company to any Member either by delivering it to such Member in person or by sending it to such Member's address in the Register of Members or to such other address given for the purpose. For the purposes of this Bye-law, a notice may be sent by letter mail, courier service, cable, telex, telecopier, facsimile, electronic mail or other mode of representing words in a legible form.

- 26.2** Any notice required to be given to a Member shall, with respect to any shares held jointly by two or more persons, be given to whichever of such persons is named first in the Register of Members and notice so given shall be sufficient notice to all the holders of such shares.
- 26.3** Save as provided by Bye-law 26.4, any notice shall be deemed to have been served at the time when the same would be delivered in the ordinary course of transmission and, in proving such service, it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted, at the time when it was posted, delivered to the courier or to the cable company or transmitted by telex, facsimile, electronic mail, or such other method as the case may be.
- 26.4** Mail notice shall be deemed to have been served seven days after the date on which it is deposited, with postage prepaid, in the mail of any member state of the European Union, the United States, or Bermuda.
- 26.5** The Company shall be under no obligation to send a notice or other document to the address shown for any particular Member in the Register of Members if the Board considers that the legal or practical problems under the laws of, or the requirements of any regulatory body or stock exchange in, the territory in which that address is situated are such that it is necessary or expedient not to send the notice or document concerned to such Member at such address and may require a Member with such an address to provide the Company with an alternative acceptable address for delivery of notices by the Company.

27. Postponement or Cancellation of General Meeting

The Chairman or the President may, and the Secretary on instruction from the Chairman or the President shall, postpone or cancel any general meeting called in accordance with the provisions of these Bye-laws (other than a meeting requisitioned under these Bye-laws) provided that notice of postponement or cancellation is given to each Member before the time for such meeting. Fresh notice of the date, time and place for the postponed or cancelled meeting shall be given to the Members in accordance with the provisions of these Bye-laws.

28. Attendance and Security at General Meetings

- 28.1** Members may participate in any general meeting by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.
- 28.2** The Board may, and at any general meeting, the chairman of such meeting may make any arrangement and impose any requirement or restriction it or he

considers appropriate to ensure the security of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place. The Board and, at any general meeting, the chairman of such meeting are entitled to refuse entry to a person who refuses to comply with any such arrangements, requirements or restrictions.

29. Quorum at General Meetings

- 29.1** At any general meeting of the Company two or more persons present in person or by proxy at the start of the meeting shall form a quorum for the transaction of business.
- 29.2** If within half an hour from the time appointed for the meeting a quorum is not present, then, in the case of a meeting convened on a requisition, the meeting shall be deemed cancelled and, in any other case, the meeting shall stand adjourned to the same day one week later, at the same time and place or to such other day, time or place as the Secretary may determine. If the meeting shall be adjourned to the same day one week later or the Secretary shall determine that the meeting is adjourned to a specific date, time and place, it is not necessary to give notice of the adjourned meeting other than by announcement at the meeting being adjourned. If the Secretary shall determine that the meeting be adjourned to an unspecified date, time or place, fresh notice of the resumption of the meeting shall be given to each Member entitled to attend and vote thereat in accordance with the provisions of these Bye-laws.

30. Chairman to Preside

Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the Chairman, if there be one, and if not the President, shall act as chairman at all meetings of the Members at which such person is present. In their absence, the Deputy Chairman or Vice President, if present, shall act as chairman and in the absence of all of them a chairman shall be appointed or elected by those present at the meeting and entitled to vote.

31. Voting on Resolutions

- 31.1** Subject to the provisions of the Act and these Bye-laws, any question proposed for the consideration of the Members at any general meeting shall be decided by the affirmative votes of a majority of the votes cast in accordance with the provisions of these Bye-laws and in the case of an equality of votes the resolution shall fail.
- 31.2** No Member shall be entitled to vote at a general meeting unless such Member has paid all the calls on all shares held by such Member.

- 31.3** At any general meeting a resolution put to the vote of the meeting shall, in the first instance, be voted upon by a show of hands and, subject to any rights or restrictions for the time being lawfully attached to any class of shares and subject to the provisions of these Bye-laws, every Member present in person and every person holding a valid proxy at such meeting shall be entitled to one vote and shall cast such vote by raising his or her hand.
- 31.4** At any general meeting if an amendment shall be proposed to any resolution under consideration and the chairman of the meeting shall rule on whether the proposed amendment is out of order, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.
- 31.5** At any general meeting a declaration by the chairman of the meeting that a question proposed for consideration has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in a book containing the minutes of the proceedings of the Company shall, subject to the provisions of these Bye-laws, be conclusive evidence of that fact.

32. Power to Demand a Vote on a Poll

- 32.1** Notwithstanding the foregoing, a poll may be demanded by any of the following persons:
- (a) the chairman of such meeting; or
 - (b) at least three Members present in person or represented by proxy; or
 - (c) any Member or Members present in person or represented by proxy and holding between them not less than one-tenth of the total voting rights of all the Members having the right to vote at such meeting; or
 - (d) any Member or Members present in person or represented by proxy holding shares in the Company conferring the right to vote at such meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all such shares conferring such right.
- 32.2** Where a poll is demanded, subject to any rights or restrictions for the time being lawfully attached to any class of shares, every person present at such meeting shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be counted by ballot as described herein, or in the case of a general meeting at which one or more Members are present by telephone, in such manner as the chairman of the meeting may direct and the result of such poll shall be deemed to be the resolution of the meeting at

which the poll was demanded and shall replace any previous resolution upon the same matter which has been the subject of a show of hands. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

32.3 A poll demanded for the purpose of electing a chairman of the meeting or on a question of adjournment shall be taken forthwith and a poll demanded on any other question shall be taken in such manner and at such time and place at such meeting as the chairman (or acting chairman) of the meeting may direct and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

32.4 Where a vote is taken by poll, each person present and entitled to vote shall be furnished with a ballot paper on which such person shall record his vote in such manner as shall be determined at the meeting having regard to the nature of the question on which the vote is taken, and each ballot paper shall be signed or initialed or otherwise marked so as to identify the voter and the registered holder in the case of a proxy. At the conclusion of the poll, the ballot papers shall be examined and counted by a committee of not less than two Members or proxy holders appointed by the chairman for the purpose and the result of the poll shall be declared by the chairman.

33. Voting by Joint Holders of Shares

In the case of joint holders, 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 of Members.

34. Instrument of Proxy

34.1 A Member may appoint a proxy by (a) an instrument appointing a proxy in writing in substantially the following form or such other form as the Board may determine from time to time:

Proxy
Clean Air Power Limited
(the "Company")

I/We, [insert names here], being a Member of the Company with [number] shares, HEREBY APPOINT [name] of [address] or failing him, [name] of [address] to be my/our proxy to vote for me/us at the meeting of the Members to be held on the [] day of [], 200[] and at any adjournment thereof. (Any restrictions on voting to be inserted here.)

Signed this [] day of [], 2[]

Member(s)

or (b) such telephonic, electronic or other means as may be approved by the Board from time to time.

34.2 The appointment of a proxy must be received by the Company at the registered office or at such other place or in such manner as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting at which the person named in the appointment proposes to vote, and an appointment of proxy which is not received in the manner so permitted shall be invalid.

34.3 A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf.

34.4 The decision of the chairman of any general meeting as to the validity of any appointment of a proxy shall be final.

35. Representation of Corporate Member

35.1 A corporation which is a Member may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting of the Members and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.

35.2 Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Member.

36. Adjournment of General Meeting

36.1 The chairman of any general meeting at which a quorum is present may with the consent of Members holding a majority of the voting rights of those Members present in person or by proxy (and shall if so directed by Members holding a majority of the voting rights of those Members present in person or by proxy), adjourn the meeting.

36.2 In addition, the chairman may adjourn the meeting to another time and place without such consent or direction if it appears to him that:

- (a) it is likely to be impracticable to hold or continue that meeting because of the number of Members wishing to attend who are not present; or

- (b) the unruly conduct of persons attending the meeting prevents, or is likely to prevent, the orderly continuation of the business of the meeting; or
- (c) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted.

36.3 Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, fresh notice of the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat in accordance with the provisions of these Bye-laws.

37. Written Resolutions

37.1 Subject to the following, anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the Members may, without a meeting and without any previous notice being required, be done by resolution in writing signed by, or in the case of a Member that is a corporation whether or not a company within the meaning of the Act, on behalf of, all the Members who at the date of the resolution would be entitled to attend the meeting and vote on the resolution.

37.2 A resolution in writing may be signed by, or in the case of a Member that is a corporation whether or not a company within the meaning of the Act, on behalf of, all the Members, or all the Members of the relevant class thereof, in as many counterparts as may be necessary.

37.3 A resolution in writing made in accordance with this Bye-law is as valid as if it had been passed by the Company in general meeting or by a meeting of the relevant class of Members, as the case may be, and any reference in any Bye-law to a meeting at which a resolution is passed or to Members voting in favour of a resolution shall be construed accordingly.

37.4 A resolution in writing made in accordance with this Bye-law shall constitute minutes for the purposes of the Act.

37.5 This Bye-law shall not apply to:

- (a) a resolution passed to remove an auditor from office before the expiration of his term of office; or
- (b) a resolution passed for the purpose of removing a Director before the expiration of his term of office.

37.6 For the purposes of this Bye-law, the date and place of the resolution is the date and place when and where the resolution is signed by, or in the case of a Member

that is a corporation whether or not a company within the meaning of the Act, on behalf of, the last Member to sign and any reference in any Bye-law to the date or place of passing of a resolution is, in relation to a resolution made in accordance with this Bye-law, a reference to such date or place, provided that any such resolution shall be valid only if the signature of the last Member (or Member's representative) to sign is affixed outside the United Kingdom.

38. Directors Attendance at General Meetings

The Directors of the Company shall be entitled to receive notice of, attend and be heard at any general meeting.

DIRECTORS AND OFFICERS

39. Election of Directors

39.1 The Board shall consist of such number of Directors being not less than two Directors and not more than such maximum number of Directors, not exceeding ten Directors, as the Board may from time to time determine. The Board shall at all times comprise a majority of Directors who are not resident in the United Kingdom for United Kingdom tax purposes.

39.2 Only persons who are proposed or nominated in accordance with this Bye-law shall be eligible for election as Directors. Any Member or the Board may propose any person for election as a Director provided such election does not constitute a breach of bye-law 39.1. Where any person, other than a Director retiring at the meeting or a person proposed for re-election or election as a Director by the Board, is to be proposed for election as a Director, notice must be given to the Company of the intention to propose him and of his willingness to serve as a Director. Where a Director is to be elected at an annual general meeting, that notice must be given not less than 90 days nor more than 120 days before the anniversary of the last annual general meeting prior to the giving of the notice or, if the annual general meeting is called for a date that is not 30 days before or after such anniversary the notice must be given not later than 10 days following the earlier of the date on which notice of the annual general meeting was posted to Members or the date on which public disclosure of the date of the annual general meeting was made. Where a Director is to be elected at a special general meeting, that notice must be given not later than 10 days following the earlier of the date on which notice of the special general meeting was posted to Members or the date on which public disclosure of the date of the special general meeting was made.

39.3 Where the number of persons validly proposed for re-election or election as a Director is greater than the number of Directors to be elected, the persons receiving the most votes (up to the number of Directors to be elected) shall be

elected as Directors, and an absolute majority of the votes cast shall not be a prerequisite to the election of such Directors.

- 39.4** At any general meeting the Members may authorise the Board to fill any vacancy in their number left unfilled at a general meeting.
- 39.5** A Director may be appointed or elected pursuant to the special rights that may be designated by the Board as attaching to a class or series of shares pursuant to Bye-law 4.2(c).
- 39.6** The Board may appoint any person as a Director to fill a casual vacancy on the Board. Any Director so appointed by the Board shall hold office only until the next annual general meeting of the Company but shall be eligible for re-election.

40. Classes of Directors

The Directors shall be divided into three classes designated Class I, Class II and Class III. Each class of Directors shall consist, as nearly as possible, of one third of the total number of Directors constituting the entire Board.

41. Term of Office of Directors

- 41.1** At the first general meeting which is held after the date of adoption of these Bye-laws for the purpose of electing Directors, the Class I Directors shall be elected for a three year term of office, the Class II Directors shall be elected for a two year term of office and the Class III Directors shall be elected for a one year term of office. At each succeeding annual general meeting, successors to the class of Directors whose term expires at that annual general meeting shall, subject to bye-laws 41.2 and 41.3 below, be elected for a three year term. If the number of Directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of Directors in each class as nearly equal as possible, and any Director of any class elected to fill a vacancy shall hold office for a term that shall coincide with the remaining term of the other Directors of that class, but in no case shall a decrease in the number of Directors shorten the term of any Director then in office. A Director shall hold office until the annual general meeting for the year in which his term expires or his 70th birthday occurs (whichever is earlier), subject to his office being vacated pursuant to Bye-law 44. Any Director ceasing to hold office due to his 70th birthday shall be eligible for re-election at such annual general meeting.
- 41.2** Any appointment of a non-executive Director, which would cause a non-executive Director to serve as a Director for more than six years in aggregate shall be subject to particularly rigorous review and in the case of any appointment, which would cause a non-executive Director to serve as a Director for more than nine years in aggregate, clause 41.3 shall also apply.

- 41.3** Where a non-executive Director is appointed for any term which would cause the non-executive Director to serve as a Director for more than nine years in aggregate, the Non-Executive Director shall either:
- (a) hold office for a term which expires on completion of the non-executive Directors' ninth year (in aggregate) of serving as a Director, in which case the non-executive Director shall become a part of the Class of Directors whose term is to expire at the annual general meeting where the non-executive Directors' term is to expire; or
 - (b) if the non-executive Director has completed his ninth year (in aggregate) of serving as a Director, the non-executive Director shall hold office for a term of no more than one year and shall become a part of the Class of Directors whose term is to expire at the next annual general meeting.

42. No Share Qualification

A Director shall not be required to hold any shares in the capital of the Company by way of qualification. A Director who is not a Member shall nevertheless be entitled to attend and speak at general meetings and at any separate meeting of the holders of any class of shares in the capital of the Company

43. Alternate Directors

- 43.1** At any general meeting of the Company, the Members may elect a person or persons to act as a Director in the alternative to any one or more Directors of the Company or may authorise the Board to appoint such Alternate Directors.
- 43.2** Unless the Members otherwise resolve, any Director may appoint a person or persons to act as a Director in the alternative to himself by notice in writing deposited with the Secretary. Any person so elected or appointed shall have all the rights and powers of the Director or Directors for whom such person is appointed in the alternative provided that such person shall not be counted more than once in determining whether or not a quorum is present.
- 43.3** An Alternate Director shall be entitled to receive notice of all meetings of the Board and to attend and vote at any such meeting at which a Director for whom such Alternate Director was appointed in the alternative is not personally present and generally to perform at such meeting all the functions of such Director for whom such Alternate Director was appointed.
- 43.4** An Alternate Director shall cease to be such if the Director for whom such Alternate Director was appointed ceases for any reason to be a Director but may

be re-appointed by the Board as an alternate to the person appointed to fill the vacancy in accordance with these Bye-laws.

44. Removal of Directors

- 44.1** Subject to any provision to the contrary in these Bye-laws, the Members entitled to vote for the election of Directors may, at any special general meeting convened and held in accordance with these Bye-laws, remove a Director, provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director not less than 14 days before the meeting and at such meeting the Director shall be entitled to be heard on the motion for such Director's removal.
- 44.2** If a Director is removed from the Board under the provisions of this Bye-law the Members may fill the vacancy at the meeting at which such Director is removed. In the absence of such election or appointment, the Board may fill the vacancy.
- 44.3** Subject to any provision to the contrary in these Bye-laws, a Director may be removed at any time and for any reason prior to the expiration of such Director's period of office by a vote of not less than 75% of the Directors other than the Director in question at a Board meeting duly convened and held in accordance with these Bye-laws.

45. Vacancy in the Office of Director

- 45.1** The office of Director shall be vacated if the Director:
- (a) is removed from office pursuant to these Bye-laws or is prohibited from being a Director by law;
 - (b) is or becomes bankrupt, or makes any arrangement or composition with his creditors generally;
 - (c) is or becomes of unsound mind or dies;
 - (d) shall for more than 6 consecutive months have been absent without permission of the Board from meetings of the Board held during that period and his Alternate Director (if any) shall not during such period have attended in his stead and the Board resolves that his office be vacated;
 - (e) resigns his office by notice in writing to the Company; or
 - (f) upon his term of office expiring pursuant to the special rights of any class or series of shares.

- 45.2** The Members in general meeting or the Board shall have the power to appoint any person as a Director to fill a vacancy on the Board occurring as a result of the death, disability, disqualification or resignation of any Director or as a result of an increase in the size of the Board and to appoint an Alternate Director to any Director so appointed.

46. Remuneration of Directors

- 46.1** The amount of any fees payable to Directors shall be determined by the Board and shall be deemed to accrue from day to day.
- 46.2** Any Director who holds any executive office (including for this purpose the office of chairman or deputy chairman whether or not such office is held in an executive capacity), or who serves on any committee, or who, at the request of the Board, goes or resides abroad, makes any special journey or otherwise performs services which in the opinion of the Board are outside the scope of the ordinary duties of a Director, may be paid such remuneration by way of salary, commission or otherwise as the Board may determine in addition to or in lieu of any fee payable to him for his services as Director pursuant to these Bye-laws.
- 46.3** The Company shall repay to any Director all such reasonable expenses as he may properly incur in the performance of his duties including attending meetings of the Directors or of any committee of the Directors or general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in or about the business of the Company.
- 46.4** Without prejudice to the generality of the foregoing, the Directors may exercise all the powers of the Company to establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of or who are or were at any time Directors or officers of and holding any salaried employment or office in the Company or any other Group company in which the Company or any Group company has any interest whether direct or indirect or which is in any way allied to or associated with the Company or any Group company and the families and dependants of any such persons, and also establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other company, or of any such persons as aforesaid, and, subject to the Act, make payments for or towards the insurance of any such persons as aforesaid, and do any of the matters aforesaid either alone or in conjunction with any such other company.

47. Defect in Appointment of Director

All acts done in good faith by the Board or by a committee of the Board or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

48. Directors to Manage Business

48.1 The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by statute or by these Bye-laws, required to be exercised by the Company in general meeting subject, nevertheless, to these Bye-laws and the provisions of any statute.

48.2 Subject to these Bye-laws, the Board may delegate to any company, firm, person, or body of persons any power of the Board (including the power to sub-delegate).

49. Powers of the Board of Directors

49.1 The Board may:

- (a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;
- (b) exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party provided that the Board's exercise of the Company's borrowing powers shall be restricted pursuant to Bye-law 49.2;
- (c) appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;
- (d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;
- (e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an

attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney. Such attorney may, if so authorised under the seal of the Company, execute any deed or instrument under such attorney's personal seal with the same effect as the affixation of the seal of the Company;

- (f) procure that the Company pays all expenses incurred in promoting and incorporating the Company;
- (g) delegate any of its powers (including the power to sub-delegate) to a committee appointed by the Board which may consist partly or entirely of non-Directors, provided that every such committee shall conform to such directions as the Board shall impose on them and provided further that the meetings and proceedings of any such committee shall be governed by the provisions of these Bye-laws regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superceded by directions imposed by the Board;
- (h) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board may see fit;
- (i) present any petition and make any application in connection with the liquidation or reorganisation of the Company;
- (j) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and
- (k) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any agreement, document or instrument on behalf of the Company.

49.2 The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (but as regards subsidiary undertakings only so far as by such exercise it can secure) that the aggregate principal amount outstanding at any time in respect of all borrowings by the Group (exclusive of any borrowings which are owed by one Group company to another Group company) after deducting the amount of cash deposited will not, without the previous authority of the Company in general meeting, exceed:

- (a) an amount equal to four times adjusted capital and reserves; or
- (b) any higher limit fixed by the Members which is applicable at the relevant time.

49.3 For the purpose of Bye-law 49.2:

- (a) **“adjusted capital and reserves”** means the aggregate of:
 - (i) the amount paid up on the allotted share capital of the Company; and
 - (ii) the amounts standing to the credit of the reserves of the Group (including share premium account, contributed surplus and capital redemption reserve), after adding or deducting any balance standing to the credit or debit of the Group's profit and loss account,

all as shown in the relevant balance sheet but after:

- (iii) making such adjustments as may be appropriate in respect of:
 - (A) any variation in the amount of the paid up share capital, the share premium account, contributed surplus or capital redemption reserve since the date of the relevant balance sheet and so that for this purpose if any proposed allotment of shares by the Company for cash has been underwritten or agreed to be subscribed then these shares shall be deemed to have been allotted and the amount (including any premium) of the subscription moneys payable (not being moneys payable later than six months after the date of allotment) shall be deemed to have been paid up on the date when the issue of the shares was underwritten or agreed to be subscribed (or if the underwriting or subscription agreement was conditional, the date on which it became unconditional);
 - (B) any undertaking which was not a subsidiary undertaking at the date of the relevant balance sheet but which would be a subsidiary undertaking if group accounts were prepared as at the relevant time (and as if such time were the end of the Company's financial year) or any undertaking which was a subsidiary undertaking but which would no longer be so if

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- group accounts were to be so prepared at the relevant time; and
- (C) any variation in the interest of the Company in another Group company since the date of the relevant balance sheet;
- (iv) excluding (so far as not already excluded) minority and other outside interests in any subsidiary undertaking;
- (v) deducting:
- (A) the book values of intangible assets except goodwill shown in the relevant balance sheet (as adjusted pursuant to the above provisions of this paragraph); and
- (B) the amount of any distribution declared, recommended or made by any Group company to a person other than another Group company out of profits accrued up to and including the date of (and to the extent not provided for in) the relevant balance sheet;
- (vi) adding a sum equal to the amount of goodwill arising on the acquisition of any undertaking or business whether before or after the date of adoption of these Bye-laws and remaining part of the Group to the extent that it has been written off and not reinstated;
- (vii) adding a sum equal to the amount of goodwill arising on the acquisition of any undertaking or business, and remaining part of the Group to the extent such goodwill has been amortised;
- (viii) making such other adjustments (if any) as the board may consider appropriate or necessary and as are approved by the auditors;
- (b) **“borrowings”** include the following except in so far as otherwise taken into account:
- (i) the principal amount of any debenture (whether secured or unsecured) of a Group company;
- (ii) the outstanding amount raised by acceptances under an acceptance credit or bills facility opened by a bank or acceptance house on behalf of or in favour of a Group company, excluding acceptances of trade bills relating to goods purchased in the ordinary course of trading;

- (iii) the nominal amount of any share capital and the principal amount of any debenture or borrowing, the beneficial interest in which is not owned by a Group company, to the extent that their payment or repayment is the subject of a guarantee or indemnity by a Group company;
- (iv) the principal amount of any redeemable share capital (not being equity share capital) of any subsidiary undertaking owned otherwise than by a Group company;
- (v) any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing;

but exclude the following:

- (vii) borrowings incurred by a Group company for the purpose of repaying within six months of the borrowing all or part of any borrowings made by it or another Group company, pending their application for that purpose during that period;
 - (viii) borrowing incurred by a Group company to finance a contract where a part of the price receivable under the contract by that or another Group company is guaranteed or insured by any government, governmental agency or body or by a person (not being a Group Company) carrying on the business of providing credit insurance up to an amount equal to that part of the price which is guaranteed or insured;
 - (ix) a proportionate amount of the borrowings of a Group company which is not a wholly-owned subsidiary of the Company corresponding to the minority or outside interest in it;
 - (x) borrowings of an undertaking which was not a subsidiary undertaking at the date of the relevant balance sheet, to the extent that those borrowings do not exceed its borrowings outstanding on the date when it became a Group company but only until six months after the date on which the undertaking became a subsidiary undertaking;
- (c) “**cash deposited**” means an amount equal to the aggregate for the time being of all cash deposits with any bank or other person (not being a Group company), (whether on current account or otherwise), the realisable value of certificates of governments and companies or other readily realisable deposits owned by any Group company except that in the case of any such items owned by a Group company which is not a wholly-

owned subsidiary of the Company, there shall be excluded a proportionate amount of those items corresponding to the minority or outside interests in it;

- (d) “**Group**” means the Company and its subsidiary undertakings from time to time;
- (e) “**Group company**” means any undertaking in the Group; and
- (f) “**relevant balance sheet**” means the audited consolidated balance sheet dealing with the state of affairs of the Company and its subsidiary undertakings comprised in the latest group accounts; and if the Company should prepare its audited consolidated balance sheet on the basis of one accounting convention and a supplementary balance sheet on the basis of another, the audited consolidated balance sheet shall be taken as the relevant balance sheet.

49.4 For the purposes of any calculation under Bye-laws 49.2 and 49.3:

- (a) a borrowing denominated or repayable or any cash deposited, in a currency other than sterling shall be translated into sterling:
 - (i) at the London exchange rate for the date as at which the calculation is being made; or
 - (ii) if it would result in a lower figure, at the London exchange rate on the date of the relevant balance sheet,

and for this purpose the **London exchange rate** for any date is the spot rate of exchange, quoted at or about 11.00 a.m. on the business day before that date by a bank in London selected by the board; and

- (b) where under the terms of any borrowing the amount of money that would be required to discharge its principal amount in full if it fell to be repaid (at the option of the borrower or by reason of default) on the date as at which the calculation is being made is less than the amount that would otherwise be taken into account in respect of that borrowing for the purpose of this article, the amount of the borrowing to be taken into account shall be the lesser amount.

49.5 The limit imposed under Bye-law 49.2 shall be deemed not to have been breached until the amount of borrowings has exceeded that limit for 30 consecutive days.

49.6 A certificate or report by the Company's auditors:

- (a) as to the amount of adjusted capital and reserves or the amount of borrowings; or
- (b) to the effect that the limit imposed under Bye-law 49.2 was not exceeded or breached at a particular date,

shall be conclusive evidence as to that amount or fact.

49.7 If the Company has joint auditors, references in this article to the Company's auditors are to any of the joint auditors.

49.8 No lender or other person dealing with any Group company need enquire whether the limit imposed under Bye-law 49.2 has been or will be complied with.

49.9 A borrowing or security resulting in a breach of the limit imposed by Bye-law 49.2 shall not be void nor shall it be voidable at the instance of the Company or any other Group company.

50. Register of Directors and Officers

The Board shall cause to be kept in one or more books at the registered office of the Company a Register of Directors and Officers and shall enter therein the particulars required by the Act.

51. Officers

The Officers shall consist of a President and a Vice President or a Chairman and a Deputy Chairman, a Secretary and such additional Officers as the Board may determine all of whom shall be deemed to be Officers for the purposes of these Bye-laws.

52. Appointment of Officers

The Board shall appoint a President and Vice President or a Chairman and Deputy Chairman, who shall be Directors. The Secretary (and additional Officers, if any) shall be appointed by the Board from time to time.

53. Duties of Officers

The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

54. Remuneration of Officers

The Officers shall receive such remuneration as the Board may determine.

55. Conflicts of Interest

- 55.1** Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company and such Director or such Director's firm, partner or company shall be entitled to remuneration as if such Director were not a Director. Nothing herein contained shall authorise a Director or Director's firm, partner or company to act as Auditor to the Company.
- 55.2** A Director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest as required by the Act.
- 55.3** Following a declaration being made pursuant to this Bye-law, and unless disqualified by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or proposed contract or arrangement in which such Director is interested and may be counted in the quorum for such meeting.

56. Indemnification and Exculpation of Directors and Officers

- 56.1** Subject to the proviso that the following indemnity shall not extend to any matter which would render it void or unenforceable pursuant to the Act, the Directors, Secretary and other Officers (such term to include any person appointed to any committee by the Board) for the time being acting in relation to any of the affairs of the Company, any subsidiary thereof and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company or any subsidiary thereof and every one of them, and their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, liabilities, losses, damages and expenses which they or any of them, their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of the Company's business, or their duty, or supposed duty, or in their respective offices or trusts, including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs and expenses properly payable, and without limiting the foregoing generality, the persons to which it applies shall be indemnified out of the funds of the Company against all liabilities incurred by them by or by reason of any act done, concurred in or omitted in the conduct of the Company's business or in the discharge of his duties in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under the Act in which relief from liability is granted to him by the court, and none of them shall be liable to the Company for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers

or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said persons. Each Member agrees to waive any claim or right of action such Member might have, whether individually or by or in the right of the Company, against any Director or Officer on account of any action taken by such Director or Officer, or the failure of such Director or Officer to take any action in the performance of his duties with or for the Company or any subsidiary thereof, PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty which may attach to such Director or Officer. The indemnity provided to the persons specified in this Bye-law shall apply if those persons are acting in the reasonable belief that they have been appointed or elected to any office or trust of the Company, or any subsidiary thereof, notwithstanding any defect in such appointment or election.

- 56.2** To the extent that any person is entitled to claim an indemnity pursuant to these Bye-laws in respect of amounts paid or discharged by him, the indemnity shall take effect as an obligation of the Company to reimburse the person making such payment or effecting such discharge. Subject to the Act, expenses incurred in defending any civil or criminal action or proceeding for which indemnification is required pursuant to these Bye-laws shall be paid by the Company in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of the person so entitled to repay such amount if it shall be ultimately determined that they are not entitled to be indemnified, provided that no monies shall be paid hereunder unless payment of the same is authorised in the specific case by a determination that such indemnification would be proper in the circumstances because they have met the standard of conduct which would entitle them to the indemnification thereby provided, and such determination shall be made, by either the Board, by a majority vote at a meeting duly constituted by a quorum of Directors not party to the proceedings or matter with regard to which the indemnification is, or would be claimed, or if such meeting cannot be constituted because of a lack of disinterested quorum, by independent legal counsel in a written opinion, or by a resolution of the Members.
- 56.3** The Company may purchase and maintain insurance for the benefit of any Director or Officer of the Company against any liability incurred by him under the Act in his capacity as a Director or Officer of the Company or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any subsidiary thereof.

56.4 This Bye-law shall provide the broadest indemnity allowable under applicable law, and to the extent any indemnification hereunder is prohibited, unenforceable or not authorised under applicable law, this Bye-law shall be interpreted as broadly as possible without invalidating the remaining provisions hereof.

56.5 No amendment or repeal of any provision of this Bye-law shall alter detrimentally the rights to the advancement of expenses or indemnification related to a claim based on an act or failure to act which took place prior to such amendment, repeal or termination.

MEETINGS OF THE BOARD OF DIRECTORS

57. Board Meetings

The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit provided that no meeting of the Board shall be held in the United Kingdom. Subject to the provisions of these Bye-laws, a resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

58. Notice of Board Meetings

A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Board. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to such Director verbally (in person or by telephone) or otherwise communicated or sent to such Director by post, cable, telex, telecopier, facsimile, electronic mail or other mode of representing words in a legible form at such Director's last known address or any other address given by such Director to the Company for this purpose.

59. Participation in Meetings by Telephone

Directors may participate in any meeting of the Board by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting. Such a meeting shall be considered to take place where the chairman of the meeting establishes that the meeting is held.

60. Quorum at Board Meetings

The quorum necessary for the transaction of business at a meeting of the Board shall be two Directors. No meetings of the Board shall be quorate if the majority of the Directors

present consists of persons who are resident in the United Kingdom for United Kingdom tax purposes.

61. Board to Continue in the Event of Vacancy

The Board may act notwithstanding any vacancy in its number but, if and so long as its number is reduced below the number fixed by these Bye-laws as the quorum necessary for the transaction of business at meetings of the Board, the continuing Directors or Director may act for the purpose of (i) summoning a general meeting of the Company; or (ii) preserving the assets of the Company.

62. Chairman to Preside

Unless otherwise agreed by a majority of the Directors attending, the Chairman, if there be one, and if not, the President shall act as chairman at all meetings of the Board at which such person is present. In their absence the Deputy Chairman or Vice President, if present, shall act as chairman and in the absence of all of them a chairman shall be appointed or elected by the Directors present at the meeting.

63. Written Resolutions

A resolution signed by all the Directors, which may be in counterparts, shall be as valid as if it had been passed at a meeting of the Board duly called and constituted, such resolution to be effective at the place and on the date on which the last Director signs the resolution provided that any such resolution shall be valid only if the signature of the last Director to sign is affixed outside the United Kingdom. For the purposes of this Bye-law only, "Director" shall not include an Alternate Director.

64. Validity of Prior Acts of the Board

No regulation or alteration to these Bye-laws made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

CORPORATE RECORDS

65. Minutes

The Board shall cause minutes to be duly entered in books provided for the purpose:

- (a) of all elections and appointments of Officers;
- (b) of the names of the Directors present at each meeting of the Board and of any committee appointed by the Board; and

- (c) of all resolutions and proceedings of general meetings of the Members, meetings of the Board, and meetings of committees appointed by the Board.

66. Place Where Corporate Records Kept

Minutes prepared in accordance with the Act and these Bye-laws shall be kept by the Secretary at the registered office of the Company.

67. Form and Use of Seal

67.1 The seal of the Company shall be in such form as the Board may determine. The Board may adopt one or more duplicate seals for use in or outside Bermuda.

67.2 The seal of the Company shall not be affixed to any instrument except attested by the signature of a Director and the Secretary or any two Directors, or any person appointed by the Board for that purpose, provided that any Director, Officer or Resident Representative, may affix the seal of the Company attested by such Director, Officer or Resident Representative's signature to any authenticated copies of these Bye-laws, the incorporating documents of the Company, the minutes of any meetings or any other documents required to be authenticated by such Director, Officer or Resident Representative.

ACCOUNTS

68. Books of Account

68.1 The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure relates;
- (b) all sales and purchases of goods by the Company; and
- (c) all assets and liabilities of the Company.

68.2 Such records of account shall be kept at the registered office of the Company, or subject to the provisions of the Act, at such other place outside the United Kingdom as the Board thinks fit and shall be available for inspection by the Directors during normal business hours.

69. Financial Year End

The financial year end of the Company may be determined by resolution of the Board and failing such resolution shall be 31st December in each year.

AUDITS

70. Annual Audit

Subject to any rights to waive laying of accounts or appointment of an Auditor pursuant to the Act, the accounts of the Company shall be audited at least once in every year.

71. Appointment of Auditors

71.1 Subject to the provisions of the Act, at the annual general meeting or at a subsequent special general meeting in each year, an independent representative of the Members shall be appointed by them as Auditor of the accounts of the Company.

71.2 The Auditor may be a Member but no Director, Officer or employee of the Company shall, during his continuance in office, be eligible to act as an Auditor of the Company.

72. Remuneration of Auditors

The remuneration of the Auditor shall be fixed by the Company in general meeting or in such manner as the Members may determine.

73. Duties of Auditors

73.1 The financial statements provided for by these Bye-laws shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards.

73.2 The generally accepted auditing standards referred to in this Bye-law may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be provided for in the Act. If so, the financial statements and the report of the Auditor shall identify the generally accepted auditing standards used.

74. Access to Records

The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto, and the Auditor may call on the Directors or Officers of the Company for any information in their possession relating to the books or affairs of the Company.

75. Financial Statements

Subject to any rights to waive laying of accounts pursuant to the provisions of the Act, financial statements as required by the Act shall be laid before the Members in general meeting.

76. Distribution of Auditors report

The report of the Auditor shall be submitted to the Members in general meeting.

77. Vacancy in the Office of Auditor

If the office of Auditor becomes vacant by the resignation or death or the Auditor, or by the Auditor becoming incapable of acting by reason of illness or other disability at a time when the Auditor's services are required, the vacancy thereby created shall be filled in accordance with the Act.

VOLUNTARY WINDING-UP AND DISSOLUTION

78. Winding-Up

If the Company shall be wound up the liquidator may, with the sanction of a resolution of the Members, divide amongst the Members in specie or 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 may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

CHANGES TO CONSTITUTION

79. Changes to Bye-laws

79.1 Subject to Bye-law 79.2, no Bye-law shall be rescinded, altered or amended and no new Bye-law shall be made until the same has been approved by a resolution of the Board and by a resolution of the Members.

79.2 Bye-laws 15, 39, 40, 41 42, 44, 56 and 79 shall not be rescinded, altered or amended and no new Bye-law shall be made which would have the effect of rescinding, altering or amending the provisions of such Bye-laws, until the same has been approved by a resolution of the Board including the affirmative vote of not less than 66% of the Directors then in office and by a resolution of the

Members including the affirmative vote of not less than 66% per cent of the votes attaching to all shares in issue.

80. Discontinuance

The Board may exercise all the powers of the Company to discontinue the Company to a jurisdiction outside Bermuda pursuant to the Act.

DISCLOSURE OF INTERESTS IN SHARES AND COMPANY INVESTIGATIONS

81 Provisions applicable to Bye-laws 82 and 83.

81.1 For the purposes of Bye-laws 82 and 83:

- (a) “**Relevant Share Capital**” means any class of the Company’s issued share capital carrying rights to vote in all circumstances at general meetings of the Company; and for the avoidance of doubt (a) where the Company’s share capital is divided into different classes of shares, references to Relevant Share Capital are to each such class taken separately and (b) any adjustment to or restriction on the voting rights attached to shares shall not affect the application of this Bye-law in relation to interests in those or any other shares;
- (b) “**interest**” means, in relation to Relevant Share Capital, any interest of any kind whatsoever in any shares comprised therein (disregarding any restraints or restrictions to which the exercise of any right attached to the interest in the share is, or may be, subject) and without limiting the meaning of "interest" a person shall be taken to have an interest in a share if:
 - (i) he enters into a contract for its purchase by him (whether for cash or other consideration); or
 - (ii) not being the registered holder, he is entitled to exercise any right conferred by the holding of the share or is entitled to control the exercise or non-exercise of any such right; or
 - (iii) he is a beneficiary of a trust where the property held on trust includes an interest in the share; or
 - (iv) otherwise than by virtue of having an interest under a trust, he has a right to call for delivery of the share to himself or to his order; or

(v) otherwise than by virtue of having an interest under a trust, he has a right to acquire an interest in the share or is under an obligation to take an interest in the share; or

(vi) he has a right to subscribe for the share,

whether in any case the contract, right or obligation is absolute or conditional, legally enforceable or not and evidenced in writing or not, and it shall be immaterial that a share in which a person has an interest is unidentifiable;

(c) a person is taken to be interested in any shares in which his spouse or any infant child or step-child of his is interested; and "infant" means a person under the age of 18 years;

(d) a person is taken to be interested in shares if a company is interested in them and:

(i) that body or its directors are accustomed to act in accordance with his directions or instructions; or

(ii) he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that company,

PROVIDED THAT (a) where a person is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of a company and that company is entitled to exercise or control the exercise of any of the voting power at general meetings of another company (the "effective voting power") then, for purposes of paragraph (d)(ii) above, the effective voting power is taken as exercisable by that person and (b) for purposes of this Bye-law 81(1)(d), a person is entitled to exercise or control the exercise of voting power if he has a right (whether subject to conditions or not) the exercise of which would make him so entitled or he is under an obligation (whether or not so subject) the fulfillment of which would make him so entitled.

81.2 The provisions of Bye-laws 82 and 83 are in addition to any and separate from other rights or obligations arising at law or otherwise.

82. Notification of Interests in Shares

82.1 Where a Member:

(a) (i) knows that he has acquired an interest in shares comprised in Relevant Share Capital or that any other person has acquired an interest in shares so

comprised of which he is a registered holder, or (ii) ceases to be interested in shares comprised in Relevant Share Capital or knows that any other person has ceased to be interested in shares so comprised of which he is the registered holder (whether or not retaining an interest in other shares so comprised);

- (b) (i) becomes aware that he has acquired an interest in shares comprised in Relevant Share Capital or that any other person has acquired an interest in shares so comprised of which he is a registered holder, or (ii) becomes aware that he has ceased to be interested in shares comprised in Relevant Share Capital or that any other person has ceased to be interested in shares so comprised of which he is the registered holder; or
- (c) other than in circumstances described in Bye-law 82.1(a) or (b), (i) is aware at the time when it occurs of any change of circumstances affecting facts relevant to the application of this Bye-law to an existing interest of his in shares comprised in the Company's share capital of any description or an existing interest of any other person in shares so comprised of which he is the registered holder; or (ii) otherwise becomes aware of any such facts (whether or not arising from any such change of circumstances)

then:

- (d) in the circumstances as set out Bye-law 83.1, he shall become obliged to notify the Company of his interests (if any), in its shares; and
- (e) in the circumstances as set out in Bye-law 83.2, he shall become obliged, to the extent he is lawfully able to do so, to notify the Company of the interests of any other person in such shares of which he is the registered holder. To the extent a Member is not lawfully able to notify the Company of the interests of a person in shares of which he is the registered holder, such Member shall use his reasonable endeavours to procure that such person notifies his interests in such shares to the Company.

82.2 A Member other than a depositary holding Relevant Share Capital for the purpose of enabling any shares or other securities of the Company to be traded in uncertificated form shall notify the Company of his interests (if any) in Relevant Share Capital if:

- (a) he has a notifiable interest immediately after the relevant time, but did not have such an interest immediately before that time;
- (b) he had a notifiable interest immediately before the relevant time, but does not have such an interest immediately after it; or

- (c) he had a notifiable interest immediately before the relevant time, and has such an interest immediately after it, but the percentage levels of his interest immediately before and immediately after that time are not the same.

82.3 A Member other than a depositary holding Relevant Share Capital for the purpose of enabling any shares or other securities of the Company to be traded in uncertificated form shall, to the extent he is lawfully able to do so, notify the Company of the interests of any other person in the Relevant Share Capital of which he is the registered holder (or, to the extent he is not lawfully able to make such notification, shall use his reasonable endeavours to procure that such person makes notification of his interests to the Company) if:

- (a) such person has a notifiable interest immediately after the relevant time, but did not have such an interest immediately before that time;
- (b) such person had a notifiable interest immediately before the relevant time, but does not have such an interest immediately after it; or
- (c) such person had a notifiable interest immediately before the relevant time, and has such an interest immediately after it, but the percentage levels of his interest immediately before and immediately after that time are not the same.

82.4 The expression “**percentage level**” in Bye-laws 82.2(c) and 82.3(c), means the percentage figure found by expressing the aggregate par value of all the shares comprised in the Relevant Share Capital concerned in which the person has interests immediately before or (as the case may be) immediately after the relevant time as a percentage of the aggregate par value of that Relevant Share Capital and rounding that figure down, if it is not a whole number, to the next whole number. Where the aggregate par value of the Relevant Share Capital is greater immediately after the relevant time than it was immediately before, the percentage level of the person’s interest immediately before (as well as immediately after) that time shall be determined by reference to the larger amount.

82.5 For the purposes of Bye-law 82.2, 82.3 and 82.4:

- (a) “**relevant time**” means:
 - (i) in a case within 82.1(a) or (c)(i), the time of the relevant event or change of circumstances; and

- (ii) in a case within 82.1(b) or (c)(ii), the time at which the person became aware of the facts in question; and
 - (b) a person who is interested in shares comprised in Relevant Share Capital has a “**notifiable interest**” at any time when the aggregate par value of the shares in the Relevant Share Capital in which he has such interests is equal to or more than 3 per cent of the aggregate par value of that Relevant Share Capital;
- 82.6** Any notification required by to be made by a Member under Bye-law 82.2 and any notification which a Member is lawfully able to make under Bye-law 82.3 must be made in writing to the Company within the period of 2 days next following the day on which that obligation arises. To the extent a Member is not lawfully able to make a notification under Bye-law 82.3, such Member shall use its reasonable endeavours to procure that the relevant person notifies his interests to the Company within such 2 day period or within such longer period as the Directors may allow.
- 82.7** The notification shall specify the share capital of the Company to which it relates, and must also:
- (a) state the number of shares comprised in that share capital in which the person making the notification knows he (or any other relevant person) had interests immediately after the time when the obligation arose; or
 - (b) in a case where the person making the notification (or any other relevant person) no longer has a notifiable interest in shares comprised in that share capital, state that he (or that other person) no longer has that interest.
- 82.8** A notification (other than one stating that a person no longer has a notifiable interest) shall include the following particulars, so far as known to the person making the notification at the date when it is made:
- (a) the identity of each registered holder of shares to which the notification relates and the number of such shares held by each of them; and
 - (b) the nature of the relevant interests in such shares.
- 82.9** A person other than a depository holding Relevant Share Capital for the purpose of enabling any shares or other securities of the Company to be traded in uncertificated form who has an interest in shares comprised in Relevant Share Capital or knows or becomes aware that any other person has an interest in shares so comprised of which he is the registered holder, that interest being notifiable, shall notify (or, to the extent he is not lawfully able to make such notification,

shall use his reasonable endeavours to procure that such other person shall notify) the Company in writing:

- (a) of any particulars in relation to those shares which are specified in Bye-law 82.8; and
- (b) of any change in those particulars

of which in either case he becomes aware at any time after any interest notification date and before the first occasion following that date on which he comes under any further obligation of disclosure with respect to his interest in shares comprised in that share capital. A notification required under this Bye-law 82.9 shall be made within the period of 2 days next following the day on which it arises. The reference to an “**interest notification date**”, in relation to a person’s interest in shares comprised in the Company's Relevant Share Capital, is to either (i) the date of any notification made or procured by him with respect to his or any other person's interest under this Bye-law or (ii) where he has failed to make, or procure the making of, a notification, the date on which the period allowed for making it came to an end.

82.10 A person who at any time has a notifiable interest in shares is to be regarded under Bye-law 82.9 as continuing to have a notifiable interest in them unless and until the registered holder of the shares in question comes under an obligation to make or use his reasonable endeavours to procure a notification stating that he (or any other relevant person) no longer has such an interest in those shares.

82.11 In any consideration of the application of this Bye-law, the interests referred to in section 209 of the UK Companies Act 1985 shall be disregarded for the purpose of this Bye-law if but only to the extent that such interests would be disregarded for the purposes of sections 198 to 202 of that Act were the Company a public company as defined therein incorporated in England and Wales.

82.12 Where a person authorises another (the “**agent**”) to acquire or dispose of, on his behalf, interests in shares comprised in the Relevant Share Capital, he shall secure that the agent notifies him immediately of acquisitions or disposals effected by the agent which will or may give rise to any obligation of disclosure imposed on him by this Bye-law with respect to his interest in that share capital.

82.13 If it shall come to the notice of the Board that any Member has not, within the requisite period, made or, as the case may be, procured the making of any notification required by this Bye-law 82, the Company may (in the absolute discretion of the Board) at any time thereafter by notice (a “**restriction notice**”) to such Member direct that, in respect of the shares in relation to which the default has occurred (the “**default shares**” which expression shall include any further shares which are issued in respect of any default shares), the Member shall not be

entitled to be present or to vote on any question, either in person or by proxy, at any general meeting of the Company or separate general meeting of the holders of any class of shares of the Company, or to be reckoned in a quorum.

82.14 Where the default shares represent at least 0.25 per cent. (in par value) of the issued shares of the same class as the default shares, then the restriction notice may also direct that:

- (a) any dividend or any part thereof or other monies which would otherwise be payable on or in respect of the default shares shall be withheld by the Company; shall not bear interest against the Company; and shall be payable when the restriction notice ceases to have effect to the person who would but for the restriction notice have been entitled to them; and/or
- (b) where an offer of the right to elect to receive shares of the Company instead of cash in respect of any dividend or part thereof is or has been made by the Company, any election made thereunder by such Member in respect of such default shares shall not be effective.

Upon the giving of a restriction notice its terms shall apply accordingly.

82.15 The Company shall send a copy of the restriction notice to each other person appearing to be interested in the shares the subject of such notice, but the failure or omission by the Company to do so shall not invalidate such notice.

82.16 Any restriction notice shall have effect in accordance with its terms until not more than seven days after the Board is satisfied that the default in respect of which the restriction notice was issued no longer continues but shall cease to have effect in relation to any shares which are transferred by such Member. The Company may (in the absolute discretion of the Board) at any time give notice to the Member cancelling, or suspending for a stated period the operation of, a restriction notice in whole or in part.

82.17 For the purposes of this Bye-law 82, a person shall be treated as appearing to be interested in any shares if the Member holding such shares has given to the Company a notification whether following service of a notice under Bye-law 83 or otherwise which either:

- (a) names such person as being so interested; or
- (b) (after taking into account any such notification and any other relevant information in the possession of the Company) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares.

83. Power of the Company to investigate interests in shares

83.1 The Company may by notice in writing request any person whom the Company knows or has reasonable cause to believe to be or, at any time during the 3 years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in the Relevant Share Capital:

- (a) to confirm that fact or (as the case may be) to indicate whether or not it is the case; and
- (b) where he holds or has during that time held an interest in shares so comprised, to give such further information as may be requested in accordance with Bye-law 86.2.

83.2 A notice under Bye-law 83.1 may request the person to whom it is addressed:

- (a) to give particulars of his own past or present interest in shares comprised in the Relevant Share Capital (held by him at any time during the 3 year period mentioned in Bye-law 83.1);
- (b) where the interest is a present interest and any other interest in the shares subsists or, in any case, where another interest in the shares subsisted during that 3 year period at any time when his own interest subsisted, to give (so far as lies within his knowledge) such particulars with respect to that other interest as may be requested by the notice including the identity of persons interested in the shares in question;
- (c) where his interest is a past interest, to give (so far as lies within his knowledge) particulars of the identity of the person who held that interest immediately upon his ceasing to hold it.

83.3 A notice under Bye-law 83.1 shall request any information given in response to the notice to be given in writing within such time as may be specified in the notice, being a period of not less than 14 days following service thereof.

83.4 This Bye-law applies in relation to a person who has or previously had, or is or was entitled to acquire, a right to subscribe for shares in the Company which would on issue be comprised in Relevant Share Capital as it applies in relation to a person who is or was interested in shares so comprised; and references above in this section to an interest in shares so comprised and to shares so comprised are to be read accordingly in any such case as including respectively any such right and shares which would on issue be so comprised.

83.5 If any Member, or any other person appearing to the Board to be interested in any shares in the capital of the Company held by such Member has been served with a

request notice under Bye-law 83.1 and does not within the 14 day period prescribed therein supply to the Company the information thereby requested, the Company may (in the absolute discretion of the Board) at any time thereafter by notice (a “**restriction notice**”) to such Member direct that, in respect of the shares in relation to which the default has occurred (the “**default shares**” which expression shall include any further shares which are issued in respect of any default shares), the Member shall not be entitled to be present or to vote on any question, either in person or by proxy, at any general meeting of the Company or separate general meeting of the holders of any class of shares of the Company, or to be reckoned in a quorum.

- 83.6** Where the default shares represent at least 0.25 per cent. (in nominal value) of the issued shares of the same class as the default shares, then the restriction notice may also direct that:
- (a) any dividend or any part thereof or other monies which would otherwise be payable on or in respect of the default shares shall be withheld by the Company; shall not bear interest against the Company; and shall be payable (when the restriction notice ceases to have effect) to the person who would but for the restriction notice have been entitled to them; and/or
 - (b) where an offer of the right to elect to receive shares of the Company instead of cash in respect of any dividend or part thereof is or has been made by the Company, any election made thereunder by such Member in respect of such default shares shall not be effective; and/or
 - (c) no transfer of any of the shares held by such Member shall be recognised or registered by the Directors unless:
 - (i) the transfer is a permitted transfer; or
 - (ii) the Member is not himself in default as regards supplying the requisite information required under this Bye-law 86 and, when presented for registration, the transfer is accompanied by a certificate by the Member in a form satisfactory to the Board to the effect that after due and careful enquiry the Member is satisfied that none of the shares the subject of the transfer are default shares.

Upon the giving of a restriction notice its terms shall apply accordingly.

- 83.7** The Company shall send a copy of the restriction notice to each other person appearing to be interested in the shares the subject of such notice, but the failure or omission by the Company to do so shall not invalidate such notice.

83.8 Any restriction notice shall have effect in accordance with its terms until not more than seven days after the Board is satisfied that the default in respect of which the restriction notice was issued no longer continues but shall cease to have effect in relation to any shares which are transferred by such Member by means of a permitted transfer or in accordance with Bye-law 83.6(c) above on receipt by the Company of notice that a transfer as aforesaid has been made. The Company may (in the absolute discretion of the Board) at any time give notice to the Member cancelling, or suspending for a stated period the operation of, a restriction notice in whole or in part.

83.9 For the purposes of this Bye-law 83:

- (a) a person shall be treated as appearing to be interested in any shares if the Member holding such shares has given to the Company a notification whether following service of a notice under this Bye-law 83 or otherwise which either:
 - (i) names such person as being so interested; or
 - (ii) (after taking into account any such notification and any other relevant information in the possession of the Company) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares; and
- (b) a transfer of shares is a “**permitted transfer**” if but only if:
 - (i) it is a transfer by way of, or in pursuance of, acceptance of a takeover offer for the Company meaning an offer to acquire all the shares, or all the shares of any class or classes, in the Company (other than shares which at the date of the offer are already held by the offeror), being an offer on terms which are the same in relation to all the shares to which the offer relates or, where those shares include shares of different classes, in relation to all the shares of each class; or
 - (ii) the Board is satisfied that the transfer is made pursuant to a bona fide sale of the whole of the beneficial ownership of the shares to a third party not connected with the transferring Member or with any other person appearing to the Board to be interested in such shares; or
 - (iii) the transfer results from a sale made on or through the London Stock Exchange (which shall include the Alternative Investment Market) or any stock exchange outside the United Kingdom on

which the Company's shares of the same class as the default shares are normally dealt in.

84. US Tax Code

For so long as the Company is classified as a partnership pursuant to section 7704(f) of the United States Internal Revenue Code of 1986, as amended (the “US Code”), the Company shall use its best efforts:

- 84.1** to ensure that no Member (nor any direct or indirect partner, member or other equity holder in any Member) shall, as a result of the activities or investments of the Company or any of its direct or indirect subsidiaries, be deemed to have “unrelated business taxable income,” as that term is defined in sections 511 to 514 of the US Code, but determined on a gross rather than on a net basis without taking into account any deductions allowed pursuant to section 512 of the Code;
- 84.2** not to acquire (and to cause each of its subsidiaries that is a pass through entity for purposes of the US Code not to acquire) any “debt financed” property within the meaning of section 514(b) of the US Code or to incur any “acquisition indebtedness” within the meaning of section 514(c) of the US Code; and
- 84.3** to conduct the affairs of the Company (and to cause each of its subsidiaries to conduct its affairs) so as to avoid having the Company or any Member (nor any direct or indirect partner, member or other equity holder in any Member) treated as engaged in a trade or business within the United States for purposes of section 864(b) of the US Code.

85. Inquiry as to Tax Status

The Company shall make due inquiry with its tax advisors on at least an annual basis:

- 85.1** regarding its status or the status of any of its subsidiaries as a “controlled foreign corporation” within the meaning of section 957 of the US Code (“CFC”) and regarding whether any portion of any such CFC’s income is “subpart F income,” as such term is defined in section 952 of the US Code (“Subpart F Income”) and to use commercially reasonable efforts to cause any applicable CFC to minimize the Subpart F Income generated by such CFC; and
- 85.2** regarding its status or the status of any of its subsidiaries as a “passive foreign investment company” within the meaning of the US Code.