

No. SC291454

THE COMPANIES ACT 1985

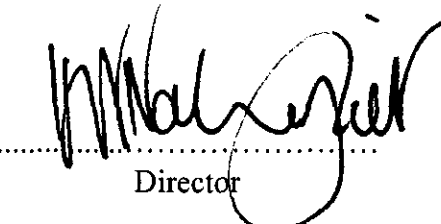
PRIVATE COMPANY LIMITED BY SHARES

ADDIEWELL PRISON LIMITED

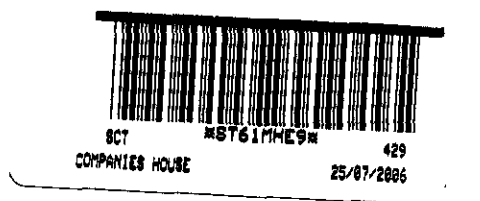
At an extraordinary general meeting of Addiewell Prison Limited duly convened and held on
12 June 2006, the following resolution was passed as a special resolution.

SPECIAL RESOLUTION

- 1 THAT the new articles of association in the form contained in the draft articles of association produced to the meeting and initialled by the Chairman for the purposes of identification be adopted as the articles of association of the Company in substitution for and to the exclusion of the previous articles of association.


.....
Director

Presented by:



No. SC291454

THE COMPANIES ACTS 1985 TO 1989
PRIVATE COMPANY HAVING A SHARE CAPITAL
ARTICLES OF ASSOCIATION
of
ADDIEWELL PRISON LIMITED

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THE COMPANIES ACTS 1985 TO 1989

PRIVATE COMPANY HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION

of

ADDIEWELL PRISON LIMITED

(adopted by special resolution passed on 12 June 2006)

PRELIMINARY

1.1 In these Articles, any reference to:

“the Act” means the Companies Act 1985, including any statutory modification or re-enactment thereof for the time being in force;

“Table A” means Table A set out in the schedule to the Companies (Tables A to F) Regulations 1985 (SI 1985 No. 805) as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (SI 1985 No. 1052);

“Regulation” means the appropriate regulation from Table A;

“Article” means the appropriate section of these Articles;

“Board” means the board of directors of the Company from time to time;

“Business Day” means a day on which clearing banks in the City of London are open for business excluding Saturdays and Sunday;

“Chairman” means the chairman from time to time of the board as determined by the Shareholders Agreement;

“company” includes any body corporate, wherever incorporated;

“director” means a director of the Company from time to time (and “directors” shall be construed accordingly);

“Group” means in relation to a company, the group of companies comprising that company and its Subsidiaries and any company (a **“parent company”**) of which that company is a Subsidiary and any other Subsidiary of that parent company for the time being;

“Member” means a shareholder of the Company from time to time;

“Relevant Agreement” means an agreement or deed relating (in whole or in part) to do management and/or affairs of the Company or the business or

operations of the Company or Addiewell Prison (Holdings) Limited to which the Company or Addiewell Prison (Holdings) Limited is expressed to be a party (including, *inter alia*, any bulking document or other agreement with financiers or investors).

“Relevant Shareholder” means any shareholder from time to time of Addiewell Prison (Holdings) Limited;

“Relevant Shares” means the total number of shares in issue of Addiewell Prison (Holdings) Limited;

“shares” means the Company shares, and

“Shareholders Agreement” means an agreement so titled dated between *inter alia* the Company and Addiewell Prison (Holdings) Limited.

- 1.2 The following are the Articles of the Company. Table A applies to the Company, as amended or excluded by the following Articles.

ALLOTMENT OF SHARES

- 2.1 All shares of the Company which the directors propose to issue shall first be offered to the Members in proportion as nearly as may be to the number of the existing shares held by them respectively unless the Company in general meeting shall by special resolution otherwise direct. The offer shall be made by notice specifying the number of shares offered, and stating a period (not being less than 14 days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of that period, any shares declined or deemed to be declined shall be offered in the proportion aforesaid to the persons who have, within the said period, accepted all the shares offered to them; the further offer shall be made in like terms in the same manner and limited by a like period as the original offer. Any shares not accepted pursuant to such offer or further offer as aforesaid or not capable of being offered as aforesaid except by way of fractions and any shares released from the provisions of this article by any such special resolution as aforesaid shall be under the control of the directors, who may allot, grant options over or otherwise dispose of the same on terms no more favourable to the subscribers therefor than the terms on which they were offered to the members to such persons, on such terms, and in such manner as they think fit. The foregoing provisions of this Article 2.1 shall have effect subject to section 80 of the Act.
- 2.2 Sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the Company.
- 2.3 Save as authorised by the Act, the Company shall not give, whether directly or indirectly, any financial assistance for the acquisition of shares or other securities of the Company or any of its holding company (as defined by Section 736 of the Act).

SHARES

- 3.1 The liability of any Member who has not paid a call shall be increased by the addition at the end of the first sentence of Regulation 18 of the words “and all expenses that may have been incurred by the Company by reason of such non-payment”.

TRANSFER OF SHARES

- 4.1 The directors may, in their absolute discretion and without giving any reason, decline to register the transfer of a share, whether or not it is a fully paid share, and the first sentence of Regulation 24 shall not apply to the Company.
- 4.2 Notwithstanding any other provisions of these Articles, no shares shall be transferred if such transfer would cause (directly or indirectly) either Addiewell Prison (Holdings) Limited or the Company to be in breach of any of its obligations under any Relevant Agreement.

GENERAL MEETINGS AND RESOLUTIONS

- 5.1 Every notice convening a general meeting shall comply with the provisions of section 372(3) of the Act as to giving information to members in regard to their right to appoint proxies; and notices of and other communications relating to any general meeting which any Member is entitled to receive shall be sent to the directors and to the auditors for the time being of the Company
- 5.2 No business shall be transacted at any general meeting unless a quorum is present. Subject to Article 5.3 two persons entitled to vote upon the business to be transacted, each being a Member or a proxy for a Member or a duly authorised representative of a corporation, shall be a quorum.
- 5.3 If and for so long as the Company has only one Member, that Member present in person or by proxy or if that Member is a corporation by a duly authorised representative shall be a quorum.
- 5.4 If a quorum is not present within half an hour from the time appointed for a general meeting the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the directors may determine; and if at the adjourned general meeting a quorum is not present within half an hour from the time appointed therefor such adjourned general meeting shall be dissolved.
- 5.5 Regulations 40 and 41 shall not apply to the Company.
- 5.6 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman is not entitled to a casting vote in addition to any other vote he may have, and Regulation 50 shall not apply to the Company.
- 5.7 Unless otherwise determined by ordinary resolution, Regulation 62 shall apply without modification, except that in the case where the appointment of a proxy and any authority under it is contained in an instrument in writing, such instrument may be deposited at the office or at such other place as

specified in the notice convening the meeting up to the commencement of the meeting or may be handed to the chairman of the meeting immediately prior to the commencement of such meeting.

WRITTEN RESOLUTIONS

- 6.1 If and for so long as the Company has only one Member and that Member takes any decision which is required to be taken in general meeting or by means of a written resolution, that decision shall be as valid and effectual as if agreed by the Company in general meeting save that this paragraph shall not apply to resolutions passed pursuant to sections 303 and 391 of the Act.
- 6.2 Any decision taken by a sole Member pursuant to Article 6.1 shall be recorded in writing and delivered by that Member to the Company for entry in the Company's Minute Book.

APPOINTMENT OF DIRECTORS

- 7.1 Regulation 64 shall not apply to the Company.
- 7.2 The maximum number and minimum number respectively of the directors may be determined from time to time by ordinary resolution in general meeting of the Company. Subject to and in default of any such determination there shall be no maximum number of directors and the minimum number of directors shall be two.
- 7.3 The board of directors of the Company shall be comprised initially of six voting directors. Each Relevant Shareholder holding 15 per cent. or more of the Relevant Shares, or members of a Group individually and/or together holding 15 per cent. or more of the Relevant Shares shall be entitled to nominate, remove or replace one person as a director of the Company and in addition any Relevant Shareholder holding 30 per cent. or more of the Relevant Shares or members of a Group individually and/or together holding 30 per cent. or more of the Relevant Shares, shall be entitled to nominate, remove or replace a second director of the Company. A Relevant Shareholder entitled to appoint or remove a director shall exercise the right of appointment or removal by notice in writing served on the Company provided that any such appointment shall only become effective upon receipt by the Company of a Form 288a signed by the proposed director consenting to his appointment, and such director agreeing to any reasonable confidentiality obligations required by the Company.
- 7.4 The directors shall not be required to retire by rotation and Regulations 73 to 80 (inclusive) in Table A shall not apply to the Company.
- 7.5 Any director of the Company shall be at liberty from time to time and at any time to make such disclosures concerning the business and affairs of the Company as he shall in his absolute discretion determine, to the Member who appointed him/her (or any company in such Member's group).

POWERS OF THE BOARD OF DIRECTORS

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- 8.1 The directors may exercise all the powers of the Company to borrow money upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into shares) to section 80 of the Act to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party. Any borrowing or raising of monies by the Company of an amount of over £10,000 (which shall include the entering into of any finance lease but exclude normal trade credit) shall require the prior unanimous written consent of the shareholders, other than in respect of any and all borrowings by the Company under or in connection with (i) a credit agreement dated on or around June 2006 and made between, *inter alia*, the Company (as the Borrower, as defined therein) and The Royal Bank of Scotland Plc (as Term Lender and as Equity Bridge Lender, each term as defined therein) in connection with the provision of up to £ of facilities to the Company, and (ii) an intercompany loan agreement dated on or around June 2006 and made between the Company (as the Borrower, as defined therein) and Addiewell Prison (Holdings) Limited (as the Lender, as defined therein).
- 8.2 Any expenditure by the Company shall be authorised by at least two directors provided that where such expenditure is being made to a Relevant Shareholder or any company within the Relevant Shareholder's Group, neither of the authorising directors may be a director nominated by such a Relevant Shareholder.

ALTERNATE DIRECTORS

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- 9.1 Each director shall be entitled by notice in writing taking immediate effect upon delivery of the same to the registered office or the Company to appoint (and remove) one alternate director and Regulations 65 and 68 shall be amended accordingly. An alternate shall not be entitled to vote at or attend any meeting of the board of directors when the director appointing him is present.
- 9.2 Unless otherwise determined by the Company in general meeting by ordinary resolution an alternate director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, and the first sentence of Regulation 66 in Table A shall be modified accordingly.
- 9.3 A director, or any such other person as is mentioned in Regulation 65 in Table A, may act as an alternate director to represent more than one director,

and an alternate director shall be entitled at any meeting of the directors or of any committee of the directors to the number of votes held by each director (as allotted to that director in accordance with Article 11.3) represented by him below in addition to his own votes (if any) as a director, but he shall count as only one for the purpose of determining whether a quorum is present.

GRATUITIES AND PENSIONS

- 10.1 The directors may exercise the powers of the Company conferred by the Memorandum of Association of the Company in relation to the payment of pensions, gratuities and other benefits and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.

Regulation 87 shall not apply to the Company.

PROCEEDINGS OF DIRECTORS

- 11.1 A chairman of the board of directors shall be appointed by unanimous decision of the shareholders and Regulation 91 of Table A shall be amended accordingly.
- 11.2 The chairman of the board of directors shall be entitled to vote in his capacity as a director (but shall not be entitled to a casting vote) at any meeting of the board of directors, and Regulation 88 shall be amended accordingly.
- 11.3 On any vote of the board of directors, the voting rights of each-director shall be weighted so that the directors appointed by a single Relevant Shareholder or Relevant Shareholders in the same Group cast collectively the number of votes equivalent to the total number of Relevant Shares held by the Relevant Shareholder or Group which nominated that director.
- 11.4 In relation to any agreement relating to the business of the Company to which a Relevant Shareholder (the **"Interested Shareholder"**) or a member of the Interested Shareholders Group is a party or proposed party (a **"Related Party Agreement"**), the acts of the Company relating to:-
- 11.4.1 the entry into, variation of and exercise of termination rights under or in connection with any such Related Party Agreement; and
- 11.4.2 all matters relating to any disputes or potential disputes in connection with any such Related Party Agreement or relating to the replacement of a defaulting party (if such party is a Relevant Shareholder or a member of the Relevant Shareholders Group) including, without limitation, the selection of an alternative party and the negotiation and entry into of a replacement contract and the management of such contract,

shall be dealt with by the directors other than the director(s) nominated by the Interested Shareholder (for the purposes of this Article 11 **"Interested**

Directors”) who shall be excluded from all decisions relating thereto, shall not be entitled to exercise any votes on any resolutions proposed in connection therewith and shall not be, entitled to receive any information containing or referring to legal advice received by the Company in connection therewith (provided that the Interested Directors shall, unless the other Relevant Shareholders unanimously decide otherwise, be permitted to attend and speak at any meeting of the directors held to consider matters contemplated by this Article). Any action on the Company relating to the matters outlined in Article 11.4.1 and 11.4.2 above shall fast require a vote in favour by holders of 100 per cent. of the voting rights exercisable by directors other than the Interested Directors (for the purposes of Article 11 being “**Non-Interested Directors**”).

- 11.5 The Non-Interested Directors shall have full and exclusive authority to authorise and require the Company to enter into any such Related Party Agreement as is referred to in Article 11.4 above and to authorise and require that the Company exercise any rights in connection with any such Related Party Agreement on behalf of the Company (including, without limitation, to prosecute, negotiate, litigate and settle any claim arising out of a breach or to exercise any right of termination arising out of a breach).
- 11.6 Subject to Article 11.4 above, a director may vote at any meeting of the directors or of any committee of the directors, on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he has, directly or indirectly, any kind of interest whatsoever, provided he declares his interest and if he shall vote on any such resolution his vote shall be counted; and in relation to any such resolution as aforesaid he shall (whether or not he shall vote on the same) be taken into account in calculating the quorum present at the meeting.
- 11.7 Each director shall comply with his obligations to disclose his interest in contracts under section 317 of the Act.
- 11.8 Regulations 94 to 97 (inclusive) in Table A shall not apply to the Company.
- 11.9 The quorum for any meeting of a board shall, subject to Article 11.4, include at least one director appointed by each Relevant Shareholder entitled to appoint a director or directors in accordance with Article 73 (or his/her alternate) provided that any director shall have the right to waive his/her entitlement to attend and vote at any meeting of the board by giving written notice thereof to the board and in those circumstances the absence of that director at the relevant meeting of the board shall not invalidate the quorum. If within half an hour from the time appointed for any board meeting a quorum is not present the meeting shall stand adjourned to a specified time and place (which shall not be earlier than two Business Days after the date originally fixed for the meeting) and the quorum for such adjourned meeting will be any two directors (or their alternates). Provided that, at such adjourned meeting, the business shall be restricted to matters set out in the agenda of issues for discussion at the original meeting and no decision may be taken in relation to any matter listed in clauses 6.1.1 or 6.1.2 of the Shareholders Agreement. If at any adjourned meeting two such directors (or

alternates) are not present within half an hour from the time appointed for the adjourned meeting (or such longer interval as the Chairman of the meeting may think fit to allow) the meeting shall be dissolved. No business shall be transacted at any meeting of the board unless a quorum is present throughout the time that the relevant business is being considered. Each Member shall direct that its director (or alternate) or where any Member appoints two directors at least one of those directors (or their alternates) shall attend such board meetings of the Company properly convened in accordance with the terms of the Shareholders Agreement so that sash directors shall not cause the management of the affairs of the Company to become ineffective or unduly delayed.

- 11.10 Regulation 89 of Table A shall not apply to the Company.
- 11.11 Board meetings shall take place on being requested by any one or more of the directors but in any event at least twice in each calendar year and shall be held in either London or by telephone conference call or by any other method as may be agreed from time to time by all the directors. Notice of all board meetings shall be sent to each director in the manner referred to in Article 14 below (or to such other address or facsimile number provided by a director in writing to the Company for such purpose) at least five clear days prior to the dates specified in the notice of meeting unless otherwise agreed by all the directors in writing in relation to a specified notice.
- 11.12 Any director or member of a committee of the board may participate in a meeting of the board or such committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear and speak to each other, and any director or member of a committee participating in a meeting in this manner shall be deemed to be present in person at such meeting.

THE SEAL

- 12.1 If the Company has a seal it shall only be used with the authority of the directors or of a committee of directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or second director. The obligation under Regulation 6 relating to the sealing of share certificates shall apply only if the Company has a seal. Regulation 101 shall not apply to the Company.
- 12.2 The Company may exercise the powers conferred by section 39 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the directors.

NOTICES

- 13.1 All notices given hereunder shall either be delivered by hand or sent by post or facsimile transmission to the addresses notified to the Company, and Regulations 111 to 116 of Table A shall be amended accordingly. A notice shall be deemed to have been served as follows:-

13.1.1 if delivered by hand, at the time of delivery;

13.1.2 if posted, at the expiration of three Business Days after the envelope containing the same was delivered into the custody of the postal authorities;

13.1.3 if communicated by facsimile, at the time of transmission,

provided that where, in the case of delivery by hand or transmission. by facsimile, such delivery or transmission occurs after 6:00pm on a Business Day or on a day which is not a Business Day, service shall be deemed to occur at 9:00am on the next following Business Day. References to time in this clause are to local time in the country of the addressee and Regulation 115 of Table A shall be amended accordingly.

- 13.2 In proving such service it shall be sufficient to prove that the envelope containing such, notice was properly addressed and delivered either to the address shown thereon or into the custody of the postal authorities as a pre-paid first class letter, or that the facsimile transmission was made after obtaining in person or by telephone appropriate evidence of the capacity of the addressee to receive the same, as the case may be.

INDEMNITY

- 14.1 Every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal or in connection with any application under section 144 or section 727 of the Act in which relief is granted to him by the Court, and no director or other officer shall be liable for any loss, damage or misfortune which may happen to or be- incurred by the Company in the execution of the duties of his office or in relation thereto. This Article shall only have effect in so far as its provisions are not avoided by section 310 of the Act.
- 14.2 The directors shall have the power to purchase and maintain for any director, officer or auditor of the Company insurance against any such liability as is referred to in section 310(l) of the Act.
- 14.3 Regulation 118 shall not apply to the Company.